FEBRUARY, 1959

Credit and FINANCIAL MANAGEMENT

Getting Ideas Across To Top Management And Sales Executive

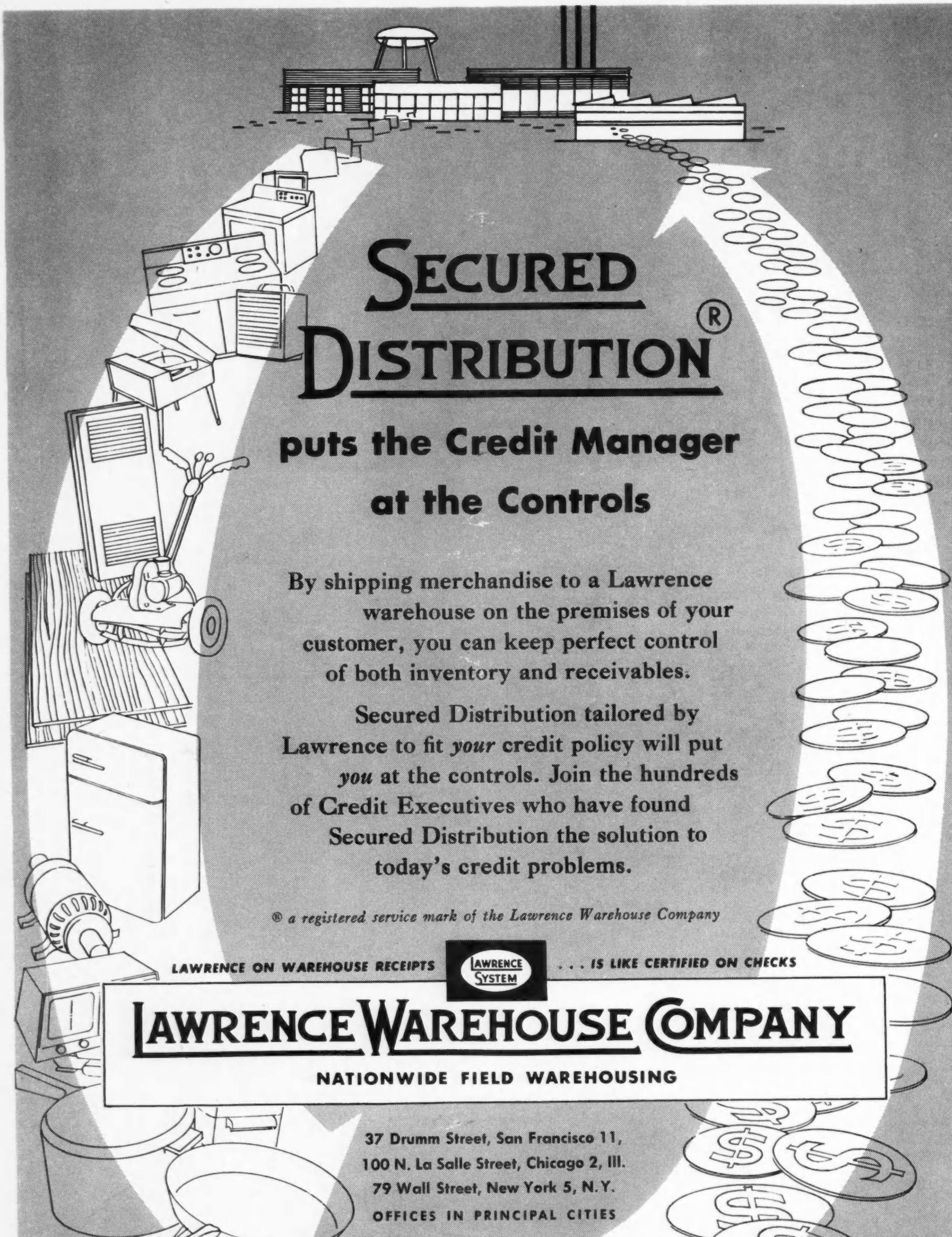
Working Dollars and Commercial Financing

Techniques Involving The Leaseback and Leasing of Equipment

How Mechanical Filing Lifted Office Morale

VOLUME 61 NUMBER 2

Following Through *(See pp. 5 and 14)*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OFFICES IN PRINCIPAL CITIES

Editor's Mail

For Corporate Officers

"This Society of over 1100 members is composed of the Corporate Secretaries, Vice Presidents and General Counsels of most of the large corporations in the United States, including banks, utilities, chemicals, automobiles, food, aircraft, steel, oil, insurance, rails, rubber, beverages, machinery, tobacco, airlines, etc. We publish a newsletter monthly to our members containing items of interest.

"I have read the excellent article in your January issue entitled 'Welcoming the New Stockholders', by Henry Obermeyer, and request permission to quote it in our January 1959 issue. Due credit will be given to your publication and the author."

BRACEBRIDGE H. YOUNG
Executive Director, American Society of Corporate Secretaries, Inc., New York, N. Y.

Maintains Monthly Statement

"After careful consideration, we have decided not to eliminate our regular monthly statements for current month transactions.

"On overdue items we send three form letters, after which we follow up with a personal letter, either certified mail, telegram or phone call. If these do not bring results, drastic action is then taken.

"We find the above procedure very satisfactory."

THOMAS MAKOVER
President, Shirley of Atlanta, Atlanta, Ga.

Advantages Proved

"Several years ago we tested the idea of not sending out the monthly statement, with a certain number of our customers.

"The result was nonpayment on time of the majority of the accounts who otherwise would have paid promptly. Also, numerous letters and telephone calls were received from customers, requesting the statements.

"We have proven for ourselves the advantages of the monthly statement."

P. E. NICHOL
General Credit Manager, the Udylite Corporation, Detroit 11, Mich.

EDITORIAL

THE EIGHTY-SIXTH CONGRESS

THE new 86th Congress convenes as we go to press. How will it affect the best interests of the members of the N.A.C.M., and business interests generally? Many contradictions and uncertainties cloud the varied prognostications.

Inflation is undoubtedly the most important single hurdle to confront this incoming Congress. The rapid recovery from last year's recession, encouraging as it is, sharpens the inflation problem.

President Eisenhower's ambitious proposal of a balanced budget for the 1959-1960 fiscal year has been enthusiastically hailed by business, but the cheers are mingled with doubts as to its attainment.

The President's dilemma is to present a national budget large enough to provide national security and meet the demands of the electorate, but at the same time endeavor to control unnecessary federal spending and reduce the Treasury deficit.

We are today faced with the heaviest tax burden in our history. In the past quarter century our federal budget has increased from three to over seventy billion dollars. The per capita share of that debt has increased from $135 to $1,700, with no curtailment or relief in sight.

The Government will not go bankrupt, but it can cause its people to become bankrupt, or it can and usually does inflate to the point of a depreciating currency, which is a confiscatory tax upon all business and all the people.

No one will argue against the spending necessary for national security, but we should simultaneously curtail the growth of spending in other directions.

It is the duty of every person, as well as government officials, to face up realistically to the current situation of seriously threatened inflation that can dangerously weaken our national economy.

It is extremely important that members of the N.A.C.M. inform every member of Congress from their State of their interest in the soundness of our economy and urge that special groups and communities halt their demands for non-essential government spending, for handouts and subsidies, which add up quickly to serious jeopardy through national deficit.

We are confident, beyond any question of doubt, that your Federal legislators are anxious to hear from their constituents on all national questions.

Because of its great importance, we reiterate the pleas to N.A.C.M. members that you urge your Congressional representatives to exercise their influence against all avoidable expenditures that may contribute to an inflation-ridden economy.

Edwin B. Moran

EXECUTIVE VICE PRESIDENT

THE FEBRUARY COVER

Selling marginal accounts is an ultimate test of credit management.

One clue to the success of the writer of the article on page 14 is close follow-up. Take the case he illustrates. The buyer of the business was obliged, under the state's bulk sales law, to pay off many creditors of his predecessor. This exhausted his capital, and other suppliers and the local bank turned thumbs down. How, under guidance, he became an excellent businessman is the theme.

Sales to marginal customers have been a prime factor in the rapid growth of Jones Automotive Inc. of Omaha.

In the front cover picture, Wallace G. Quest, who became associated with

the corporation December 1st, is going over cases he has experienced in handling marginal accounts. Seated at the left is Dwayne W. Spiering, office and credit manager. The interested third party is David H. Jones, company president and general manager.

Mr. Jones started the automotive jobbing company bearing his name in July 1951 after several years in the new-car business and later as general manager of another automotive jobbing house which he had helped organize. He has been very active in civic organizations.

Mr. Spiering became associated with the company in 1954 as office and credit manager after acquiring considerable experience with other companies in Omaha.

Mr. Quest's biography appears on page 15.

FINANCIAL MANAGEMENT

General Manager, Edwin B. Moran

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IN THIS ISSUE

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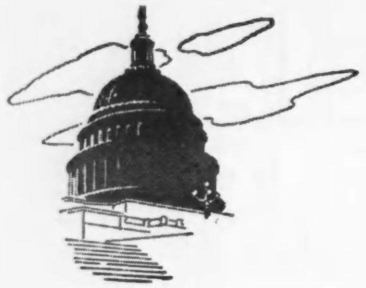


Washington

℄ PRESENTATION of a balanced budget, with receipts and expenditures "in the general area of $77 billions", was promised by President Eisenhower in formal announcement after the 1960 totals had been determined. He declared that there would be no recommendation for a general tax increase but additional boosts of postal rates and gasoline taxes would be sought. The estimate of $77 billions in revenues was predicated upon belief the economy will show exceptional activity.

Fiscal 1960 will bring a record peacetime outlay for defense, the President said.

The $3 billion reduction from current year expenditure rate will be "achieved, in part, by reason of the ending of temporary programs in agriculture, unemployment insurance and housing", said the White House announcement.

"Some of our domestic non-defense programs will also continue at record high levels", but "other domestic programs will be held at varying levels consistent with the public interest."

The President estimated revenues $9 billion higher than 1959's estimated $68 billions.

Some leaders in Congress were outspokenly skeptical, and doubted the budget balance prediction would stand up under the pressures to come. Some of the President's economy proposals will be under fire, and even increased spending under some programs was forecast. Nor are Mr. Eisenhower's proposals for increasing revenue expected to come through unscathed.

℄ REVISING downward their estimate of business expenditures on new plant and equipment for the second half of 1958, the department of commerce and the securities and exchange commission predicted for the first quarter of 1959 a slight increase over the revised figures for the past year.

After a new survey the Government predicted first quarter 1959 outlays at a $30,510,000,000 seasonally adjusted rate, following a downward revision of more than $1 billion, to a total $29,930,000,000, for the final quarter of 1958, and to $29.61 billions for the third quarter last year.

Though the new report indicates that the recent recession affected plant and equipment expenditures more than anticipated, the forecast of a continuing trend upward still holds, but at lower levels.

The latest survey indicates capital spending in manufacturing slowed up more than the July-August survey had shown. Nevertheless, Government economists emphasized that the new study confirmed the September estimate of upward movement in the final quarter of the past year. Now the report puts capital outlays for all manufacturing companies at $11.5 billions for full 1958, a decline of 28 per cent from 1957's record $16 billions. The $11-plus billion predicted annual rate for the first quarter this year would be 4 per cent below 1958 but still higher than the $10.79 billion for the final quarter.

℄ IN THE LAST fiscal year defense contractors made "excessive profits of $112,724,199" on past military orders, and companies should refund them to the Government, the renegotiation board holds in its third annual report.

The board says that in fiscal 1958 it made 254 "determinations of excess profits," chiefly on work done for the Government in 1955 and 1956.

The five-man Presidential board's life was extended to June 30th this year by Congress.

℄ A RECORD $453 billion annual rate of gross national product for the fourth quarter of 1958 was indicated by preliminary estimates of the department of commerce. This was $14 billions higher than the rate for the third quarter. The pre-recession high was almost $446 billions, in the third quarter of 1957.

On the other hand, a new measure of national product, used by the department for the first time, reduces the fourth period 1958 rate below $453 billions. This new yardstick is an adjustment of the GNP to omit the effect of price increases on quarterly rates of both 1957 and 1958—called "real" terms by the department—with 1957 as the base year.

Under this measurement the fourth quarter annual rate was indicated as approximately the same as the $442 billion rate, after price adjustment, for the third quarter 1957. The rate thus did not rise to a new peak in the third quarter 1957, according to department officials, but instead showed only a slight rise between the first and second quarters of that year, leveled off in the third and dropped in the fourth 1957 quarter. Hereafter the department will report quarterly rates in terms of current dollars and in terms of 1957, or "constant," dollars.

Hence, despite the indicated $453 billion "current" dollar rate, the estimated total national product full 1958 was put at $437 billions as

against $440 billions for 1957, due to the recession's effect the first half of 1958.

The new rate is higher than previous U. S. estimates of $450 billions in current dollars for the fourth quarter. The gain over the third quarter has been paralleled by stable prices, the officials note.

Summarized, the increase means that recovery is holding strong.

National Planning Association, private organization, in an analysis of trends, foresaw a possibility that the upward turn will be slower this year.

A fourth quarter rate figure was not stated in the commerce department report but was drawn from comparison of the full year total with rates of the three earlier quarters, in current dollars.

Most price increases occurred in the business decline period, department officials said.

OFFICIAL TEXTS — of all mobilization agency regulations may be had, free of charge, by writing the Information Division of the agency involved, Washington 25, D.C.

THE FEDERAL REGISTER—a Government daily publication, which contains full texts of all regulations, is available from the Superintendent of Documents, also at Washington 25, D.C.

¶ FINAL figures for 1958 will show that personal income rose to a new annual figure approximating $353 billions, says the commerce department. This would be an increase of at least $5 billions over 1957, but the real purchasing power of the 1958 total was not as great as that of 1957 because consumer prices increased by a larger margin, the department report explained.

Nevertheless, the higher 1958 total means an estimated $150 million more revenue to the Treasury from individuals than had been forecast in September.

Total revenues for the fiscal year to end June 30th had been forecast last September at $67 billions. With the business recovery and growing personal income of recent months, officials foresee at least $68 billions as the revenue figure. November's record rise was attributed to increased wage and salary payments—$2.5 billions more than for October.

¶ THE Small Business Administration is now receiving applications for licensing of investment companies to aid small business under the new Federal program, and Edward N. Gadsby, chairman of the Security and Exchange Commission, said the latter was about to issue regulations (as this is written).

SBA will license small companies devoted entirely to financing small business enterprises. It will regulate and supervise and help the companies obtain financing by buying their debentures and making loans to them from a $50 million fund. SEC will regulate issuance and public sale of securities by small business investment companies and will have jurisdiction over any public distribution of securities of small business bought by them.

Wendell B. Barnes, SBA administrator, said certain proposed regulations had been clarified and that other changes likely would be required after the program is in operation. Application forms for licenses to operate small business investment companies are available in SBA field offices, as will be copies of the regulations. Three public meetings were scheduled in January for explanation of the regulations. No company shall be chartered under the Act after June 30, 1961.

¶ THE British Government has indefinitely suspended negotiations for the proposed free-trade area involving 17 European nations. Negotiations in Paris for the past year had failed to show much progress.

One aim in Britain's action was to avoid an economic showdown at the turn of the year with the first steps toward the European Economic Community, or Common Market, between its six nations, and England and 10 other European countries. France has rejected the free-trade-area proposal and five other nations in the common market have lined up with her (West Germany, Italy, Belgium, the Netherlands and Luxembourg). Ten nations had followed Britain in refusing to join the common market and in seeking free access to that market by means of a free trade area within which both groups would operate. Siding with Britain to greater or less degree were the Scandinavian countries, Switzerland, Austria, Greece, Turkey, Iceland, Portugal and Ireland.

Britain's action followed a statement by the French minister of information, Jacques Soustelle, that France felt such a free trade area impossible but was amenable to attempts to find some other solution in association of the two groups.

¶ DIFFERENT shape was given to the recent recession by the Committee for Economic Development when it applied a formula varying from the Government's in analyzing employment-unemployment totals.

Said the economists:

The rate of unemployment was a bit less than the official figures showed. (This rate is the percentage of the labor force unemployed).

The peak was reached four months earlier than stated and the drop in the post-peak months was greater than indicated.

Improvement is faster than that of 1954-55, closely similar to the 1949-50 figure.

Regardless, both the rate and total of unemployed were higher in 1958 than in the two previous post-war recessions.

Getting Ideas Across

Must Have a Sound Program, Backed by Facts, Executives Agree

GETTING Top Management and Sales Management to accept the credit manager's ideas for improved operation and increased profit takes more than wishful thinking—anything but!

Representative credit executives, asked by Credit and Financial Management what procedures they have found most successful in getting their ideas across, preface their suggestions with emphasis on these essentials: the program must be sound and it must be supported by facts, properly marshaled for effective presentation in a minimum of minutes. And preliminary to these prerequisites is the need of effective communication among departments.

The technics of communication vary with the individual company set-up, as do the procedures to be followed. Whatever the steps, however, the credit manager must be prepared to prove that the idea is founded upon full consideration of advancement of the company's profit potential and protection of its assets.

In a future issue the suggestions presented herewith will be amplified by other contributors showing by case history and specific procedure how the company has been benefited by approval and application of the ideas presented by the credit executive.—Ed.

Credit Staff Must Prove Policy Best for Company

J. P. BARTSCH
Assistant Secretary
Lyon Metal Products, Inc.
Aurora, Illinois

ESTABLISHMENT of a credit policy for any company is sold to management only when the credit personnel has demonstrated by ability and past performance that credit policy and credit decisions are made only after full consideration of the overall objectives of the company. The credit manager must convince management that decisions have been made after full consideration to the overall protection of the company's assets and its profit potential, not solely to a good credit department record on turnover of receivables and a low bad debt loss record.

Where a creditman has not had the opportunity to demonstrate this broad handling of credit problems by his experience with the company, then he must be prepared to prove he has used this sound and proper approach to the problem. This cannot be done by any special techniques, only by properly investigating the credit risk involved, using all sources of information available for credit checking purposes, by carefully considering the immediate financial condition of his own company, and by working with the sales division to know and understand its specific problem of sales distribution and what effect the decision made will have upon that problem.

This means, of course, that there must be the closest possible liaison between the sales and credit departments, and field visits by the creditmen to determine the individual problems of the sales outlets open to his company.

To summarize, the credit executive must know the financial problems of his company, the distribution problems of his sales division, and the sales and financial problems of the average customer.

Must Convince Management You Have All Facts Needed

JOSEPH D. COOGAN
Credit Manager
The Manhattan Shirt Company
Paterson, New Jersey

HOW get one's ideas across with top management and sales? My experience has been that the best approach is to be frank and to take up the matter in person. In speaking to one of the officers, it is generally desirable to know of a project in which he is interested and to speak to him first about this, before broaching your program.

You have to be certain that your suggestion is sound and you must have top management's confidence that you know the facts behind the topic for discussion.

Sometimes there are special obstacles to overcome. For example, in these times many companies are concerned with curtailing expenses. Take the matter of office personnel. It is up to the credit manager to see that sufficient help is retained and that consideration is given to those entitled to additional remunerations. A proper approach will help a great deal.

Sales and Credit are very closely associated in this company; in fact, the credit department is an adjunct of

To Top Management

Develop Sales Manager's Confidence for Closest Possible Liaison

the sales department. Top management generally leans towards Sales and I suppose rightly so, because we all know that sales are the life-blood of any business organization. On discounts or extra dating, the sales department readily agrees. But if Credit believes an account should be dropped, resistance can be expected from the sales department, for the account may be the only one in town and Sales may consider it a fair prospect. A frank personal discussion is the answer, as it is in general on suggestions the credit manager purposes to advance.

Three Avenues Followed to Effect Company Teamwork

JOHN E. TAYLOR
Credit Manager
Industrial Division
Surface Combustion Corporation
Toledo, Ohio

TOP MANAGEMENT of our company has long recognized that business success depends upon teamwork. To this end, three avenues are open:

1. Personal contact by any employee with any member of top management;
2. Monthly departmental reports which are routed to top management;
3. Monthly divisional staff meetings.

The best method of approach depends upon the urgency of acceptance of the idea by top management, the number of departments involved in a proposed change, or the time required to put an idea into effective operation. In some cases, it is advisable to use all three methods. The approach most likely to be successful is to clear an idea through a divisional staff meeting and to obtain member support.

The credit manager attends a monthly financial staff meeting which is headed by the treasurer and the vice president in charge of finances, both of whom are members of the board of directors. This gives every department head involved an opportunity to express his ideas in detail and condense them into the best possible form for presentation to top management.

Our experience confirms this approach to be highly satisfactory. It has proved successful in reaching busy executives and getting their serious consideration.

Regardless of the method selected, however, there are certain fundamentals which should be followed in order to obtain maximum results with minimum effort.

Ideas are sometimes like bananas, they come in bunches. It is necessary to weed out and present only those which could be beneficial to the organization and simplify credit department operation.

Before acting on any new ideas, these steps are suggested, starting with analysis of the present situation:

1. Why does the situation exist?
2. What are the problems?
3. What are the possible solutions?
4. What is the best solution?
5. What do you propose as the plan of action?

These five steps help to determine firm objectives and organize a plan for presenting an idea to the proper parties for acceptance. The planning should also include a thorough analysis of how the idea, if accepted by management, should be executed. Consideration should be given to the best, easiest, and quickest methods of putting the suggestion into operation. If forms or systems are required, samples should be prepared and presented.

Through the avenues provided by our top management, we have been successful in presenting new ideas on time payment financing, change in terms of sale for capital goods, recommendations for setting up foreign distributors and the type of contracts to be used; also, changes in procedure for better control of entry of orders of various product divisions by overall control of a department now equipped to handle production control, expediting, and prompt billing of orders upon shipment of material or completion of erection.

All operating departments within the organization appreciate the opportunity to express ideas, knowing that they will receive prompt consideration and action.

Confidence in Creditman Basic for Closest Liaison

W. B. THOMPSON
Assistant Secretary
Credit Manager
Binney & Smith, Inc.
New York, New York

FOR the closest possible liaison between the credit and sales departments under top management, the basic requirement is confidence in the credit manager. Through his own efforts the credit manager must develop this confidence.

In our New York headquarters office we generally have two sales meetings each week. I attend these meetings to keep abreast of sales programs and distribution needs. They also give me the opportunity to keep the sales department informed of important credit and collection trends. A divisional managers sales meeting is

held in New York each year. When these sessions are completed I have the opportunity to discuss with each divisional manager various credit and collection problems in his division.

A good credit and collection record is desirable, but a credit manager can contribute to increased sales by the proper handling of marginal accounts, or accounts requiring lines of credit in excess of normal limits. However, close cooperation between Credit and Sales is essential for the best results. I have this cooperation.

Any credit policy should be flexible. In certain situations discussions with Management and Sales will determine the degree of flexibility and effect a mutual understanding of problems. I am glad to say this is the policy in our company.

Teamwork is essential to a successful business. Cooperation among Management, Sales and Credit is an integral part of increased sales and profits.

All Parties Ready to Listen Under an "Open Door" Policy

PARK M. JOY
Credit Manager
Geo. J. Meyer Manufacturing Co.
Milwaukee, Wisconsin

THE fond hope of top management is that it will be successful in getting its ideas adopted conclusively and inclusively by the sales and credit managements. For the latter, the adoption of their ideas by each other and by top management is an ideal sought and worked for. In actual conditions, however, it is not the adoption of ideas by the three segments of management that is most important. Rather, it is the ability to set up free interchange of communications so that the various viewpoints can be discussed and modified as necessary.

Our company manufactures bottling, filling, pasteurizing, labeling, and conveying equipment for the brewery, soft drink, and milk industries. In this rather specialized and somewhat limited market, our system of communication and interchange of ideas may not be readily adaptable in other industries.

We do not have a formal method of presenting ideas among top, sales and credit management; that is, there are no special conferences at predetermined times set aside for the purpose.

Our procedure can best be described as an "open door" policy. Our sales management has always been ready to listen to credit management's ideas and theories, in informal discussions any time there is a free moment.

Let me point out a typical case. When a contract proposal is received (whether directly from our sales force, agents, or from the customer) that contains out-of-the ordinary terms, or the prospective customer is not known, or there are any other points that lift the proposal creditwise out of routine, sales management normally confers with credit management immediately before proceeding with the acceptance.

Before sales management will accept the contract, we must indicate that we believe the credit rating and terms of sale are satisfactory.

If, for any reason, the contract passes through the sales department without this conference, the credit department on receiving the contract may have an informal discussion with the sales management to point out any objection, any suggestion for modifying terms, or the necessity for additional credit information.

The method of immediate informal discussion, the feeling that either sales management or credit management has a standing "open door," permits interchange of viewpoints at the best possible time.

I do not mean to imply that we are always successful in getting our ideas adopted, because that would imply that we are always right. But, at least, our viewpoints are aired immediately, and if they are not adopted there usually is a compromise that is reasonably satisfactory.

I suppose there always will be conflicts between sales management and credit management due to the basic principles involved. The sales management is basically interested in the sale, and believes that the credit problems, if any, will be taken care of by the credit department.

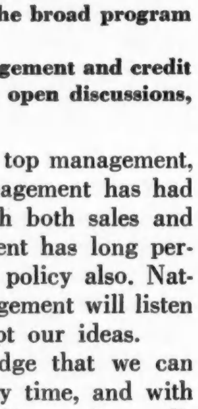
Nevertheless, I believe that we have reached a reasonable degree of success with our informal "open door" discussions on sales and credit policies within the broad program laid down by top management.

I firmly believe that if both sales management and credit management will seek and give freely in open discussions, many alleged problems will be solved.

Where basic policies are changed by top management, normally it is not done until top management has had the same informal open discussion with both sales and credit management. Our top management has long permitted and developed the "open door" policy also. Naturally, this implies only that top management will listen freely, not necessarily that it will adopt our ideas.

The important point is the knowledge that we can sit down with sales management at any time, and with top management reasonably freely, to discuss the credit problems that we believe important.

Must Warrant Respect of Top Management, Sales



W. B. WILTSHIRE, JR.
Secty. and Asst. Treas.
B. T. Crump Company, Inc.
Richmond, Virginia

WHILE it is true that the ideas generated by the credit executives in bygone years were rarely accepted as in the best interest of the company, this situation has largely been overcome through the recognition

by top management of the credit department's true value. Yet there still is much to be done today on the part of the credit executive to promote the ideas of sound credit. The credit departments in a few organizations still find that their policies and ideas often are overruled by the efforts of sales management — supported by top management — to attain a sales quota. Such a situation is an exception, yet where it does exist there is bound to be little faith in the opinions of those who have the responsibility of guarding against credit losses. In this type of situation, top management would be unfair if it were to say that losses were a result of poor judgment on the part of the credit department, when actually such a department did not exist. To have a credit department that is subordinate to the sales department is to have no credit department at all.

First, top management should respect and uphold the decisions of the credit executive. Secondly, it is the true responsibility of the credit executive to warrant such respect. Thirdly, it is his duty to see that sales management and personnel are adequately informed, to the extent that they accept the decisions of the credit executive as being in the best interest of the company. This may seem to be a difficult task, yet it appears to be the proper step that must be taken to enable the credit executive to gain control of a difficult problem.

The qualified credit executive has little trouble selling top management, just so long as his case is properly prepared, properly presented, and his action properly executed. Top management is much too busy today to be constantly bothered by those problems which he feels should be handled by a junior executive. Consequently, to make proposals that are not supported by detailed plans which assure their success is to waste the valuable time of top management and undoubtedly create some displeasure. Credit policies must have a sound basic plan, a certain amount of elasticity in their functions and applications, and the wholehearted approval of management in all phases. It is through such planning and the administration of these policies that the credit executive sells himself and his department to top management.

Once you have gained the confidence of top management, half the battle of selling your ideas to sales management is won. This confidence generally permeates the entire organization. To gain the full confidence of the sales personnel, the credit manager must counsel often with the sales manager, and salesmen as well, so there will be a complete understanding of why the credit department refuses open account accommodations to certain accounts, for example. Such counseling often brings forth an answer from the sales executive that, if first suggested by the credit manager without prior consultation, would have immediately created objections.

The Crump Company depends a great deal on the salesmen to assist its credit department in the collection of delinquent accounts, so it goes without saying that the actions of sales and credit must be harmonious. Education in business makes it possible for us to work more closely for the benefit of all, so we at Crump educate the personnel in our divisions to the extent that all are aware of the many problems confronting their fellow workers.

After all, it must be recognized by the credit executive today that his biggest selling job is to sell himself to sales management.

Collective Thinking Needed Before Acceptance of Idea

R. L. PETERSON
Credit Manager
American-Marietta Company
Seattle, Washington

GETTING ideas across successfully to other departments is a problem common to all department managers, and the technique by which an idea is communicated will vary with individuals. Discussion will help to mold and polish the idea into a practical proposal. Others will see the need, recognize the merits and put into practice facets of the idea. An atmosphere will be created in which a suggestion will be favorably approached before formal presentation. A stamp of approval of something already there when the idea is presented, I feel, is essential.

It is important to know the objectives of the company and how the credit department functions to achieve the planned objectives. Every effort should be made to make the credit department an organization which makes a contribution to the profits of the operations. With increasing competition and higher cost of doing business, a profit squeeze has resulted. The cry of business today is to maximize profits. To accomplish this, every effort must be made to maximize business through research, sales, service, advertising, and credits.

A step before counseling with management is to know the costs of producing the products sold and the break-even point of the operations. If expansion is contemplated, knowing how much in increased sales is necessary to pay off the increased investment in land, buildings, and machinery, can have an effect on the present credit policy.

When management is properly advised of the activities of the credit department toward achieving the major objectives of a business, it will be more attentive to suggestions offered. Management must be kept fully advised. A monthly report to management covering the highlights of the department's progress is a useful method of communication. Interchange of departments' reports to management provides important information concerning the organization's functions.

The procedure in getting ideas accepted by sales management is similar to that for top management. The first procedure is to know the sales department's objectives. These are coordinate objectives. Product servicing, pricing, shipping methods, and various other aspects of good customer relationship are examples of the sales department methods to achieve their objectives. The customer is the best asset the business has; its preservation is essential. In order to accomplish the sales department's common objectives of volume, growth, and profit, the credit department must help determine how a sale can be made.

Use of horizontal communications with the sales department is essential so that the reasons for an idea are under-

stood. Mutual familiarity with the pulse of the industry and customers largely determines the line of credit and the calculated risks taken. New developments in the industry and customer or industry planned expansion programs are important factors that influence credit considerations. A marginal customer's line of credit may need reviewing because of changing conditions.

The alert salesman as liaison between industry and the credit department contributes information necessary to make a decision. Salesmen's call reports are often a good source of information. Personal field calls acquaint the customer with the credit department representative. Prior routine visits help prepare the way with customers when problems arise. Sales management is more receptive to an idea when all concerned know what the problem is; the prescription is more palatable.

Procedures to get ideas accepted will vary among industries and people. Any procedure which contributes to sales, nurtures the accounts receivable in keeping with the objectives of the company following sound business policy, is the criterion found most successful.

When we emphasize the importance of having ideas accepted, assuming this to be our ostensible objective, perhaps we unwittingly overlook the basic essential far more important in the success of the organization — namely, production of the ideas themselves.

In essence then, acceptance of ideas, wholly or in part, should be regarded as the function of collective thinking.

Control and Balance Setup Works for This Company

J. C. HOFFMAN
Assistant to Vice President in Charge of Sales
Huron Portland Cement Company
Detroit, Michigan

FOR years our credit division has been set up within the sales department, which is presently headed by C. L. Laude, vice president. Final authority for credit policy rests with the company treasurer.

There is no conflict of ideas here regarding sales and credit. In fact, the control and balance work harmoniously. Our vice president stands pat on the proposition that we have a credit policy, and that it is the responsibility of the credit manager and the division and district sales managers to conduct our sales operations in accordance with it, without interference or undue pressure from anyone within the department. Also, the credit manager is fully aware that we want sales, and that no reasonable credit risk should be rejected because it may appear a little marginal. Sales and Credit are geared together.

Now as to methods. The credit department has and maintains a list of all customers, and potential customers, on whom our salesmen are calling. Complete or partial credit information is maintained on these, depending on the apparent need. For new prospective customers the salesman sends a Salesman's Credit Report, giving simple basic information, and his evaluation of the firm as a customer. This usually is fairly well in advance of probable shipment.

The credit department then clears the firm credit-wise, for either full or limited credit, or disapproval if necessary. In the latter case, we have found in numerous instances that we have saved our men from a contact that would have been a waste of time. On the other hand, early credit clearance has set up a method by which a salesman can offer immediate shipment to a prospective customer, because he already knows the credit answer.

The same principle is followed in relation to sales for large construction projects, which may easily involve thousands of dollars. If need be, the situation is discussed between Credit and Sales, and each then is fully informed of whatever problem may exist.

Fundamentally, this is our company's solution to the problem of better understanding among Management, Sales and Credit. I have heard numerous men of executive position say that such a combined setup would not work, but it is difficult to argue with success.

Participating in Symposium

J. PAUL BARTSCH, assistant secretary, Lyon Metal Products, Inc., Aurora, Ill., has responsibility for all phases of credit policies, insurance, real estate, leases and contracts. He joined Lyon in 1929, is an alumnus of Northwestern University.

JOSEPH D. COOGAN, credit manager, The Manhattan Shirt Company, Paterson, N.J., started in the company's bookkeeping department. He took night courses in business administration at City College of New York and New York University.

J. C. HOFFMAN, assistant to the vice president in charge of sales, Huron Portland Cement Co., Detroit, was the company's credit manager 27 years, and he retains general supervision over credit matters. He is past president of the Detroit Association of Credit Men.

PARK M. JOY, credit manager, Geo. J. Meyer Manufacturing Co., Milwaukee, is a graduate of the law school of the University of Wisconsin and was an advisor to its Management Institute 1954-55. He is a director of the Milwaukee Association of Credit Men.

R. L. PETERSON, after attending the University of Washington and Racine's Accounting School, was an accountant for Ernst & Ernst and controller of an export-import company before joining American-Marietta Co., Seattle, as division accountant and credit manager. He holds the Executive Award of the NACM Graduate School (Stanford 1958).

JOHN E. TAYLOR, credit manager and export manager, Industrial Division, Surface Combustion Corp., Toledo, attended the University of Toledo, holds the Fellow Award, National Institute of Credit. He started with National Supply Co., is vice president of the Credit Association of Northwestern Ohio.

W. B. THOMPSON, assistant secretary, and credit manager, Binney & Smith, Inc., New York, N.Y., began as a credit investigator for Brune Potberg Co. while attending New York University's night school. He was credit manager of Gold Seal Electric Co. before joining Binney & Smith in 1934.

W. B. WILTSHIRE, JR., after two years with American Tobacco Co., entered Crump Co., Richmond, and returned from war service to become credit manager, appliance division. In 1956 he was elected secretary, in 1957 also assistant treasurer. He attended the University of Richmond evening school, is past president Richmond Association of Credit Men.

LEASEBACKS AND LEASING

A Special Report on New Techniques in Financing and Marketing

By **FRANK K. GRIESINGER**
Assistant Treasurer
The Lincoln Electric Company
Cleveland, Ohio

DID you hear what that fellow across the desk just said? He's short of cash. He *owns* his building. His plant location is excellent. His maintenance and housekeeping have been top-notch. His expanding business seems to be taking all his working capital for inventory and receivable financing. He owes you money; a lot of it, in fact. But his long-term prospects seem excellent, and he's asking you for advice.

F. K. GRIESINGER

You want to hold his business. You know his management is honest and competent. If you can help him get over this hump, your sales department will be polishing up a gold medal for you. Let's see—what's new in the field of finance? Can you give him a suggestion which will benefit you *both?*

Financial advisors to business are talking more and more about techniques involving leasebacks and equipment leasing. If your customer's basic credit is good, the situation just described is made-to-order for an investor seeking a leaseback deal. How does it work? Let's look at a simple example:

Land valuations have been increasing in the area where your customer's plant is located. Although his plant is 15 years old, its market value is far greater than its depreciated value. The buildings and machinery are in good physical condition; it is evident they can be used efficiently for many years to come.

Your customer locates an insurance company, pension fund trustee, or other institutional or private investor seeking a long-term investment.

The property is appraised; the investor offers a purchase price based on the present fair market value. This figure is far in excess of the property's depreciated cost. The sale is completed. At the same time, the purchaser offers your customer a lease contract permitting him to occupy the property for a long term. The lease payments are based on the present market value. The lessor/purchaser's "basis" of the property is the purchase price, so his depreciation can be based on this higher figure.

What are the advantages? Your customer secures a large cash sum which gives tangible evidence of the property's increased value. He is taxed at capital gains rates only on the difference between the purchase price received and his depreciated cost. His rental payment, fully deductible from taxes, is much larger than his previous depreciation deduction. This benefits his cash flow. The added cash will improve his working capital position, give him better ratios between assets and liabilities, permit him to discharge his overdue obligations, and give him a comfortable cash balance for use in further expansion of sales and production.

Your customer's lessor gains an attractive investment which will yield a fair return on a long-term basis. The transaction is protected by your customer's good credit standing. If real estate values continue to appreciate, the lessor/purchaser will own a valuable piece of property at the conclusion of the lease which may be sold or re-leased to the occupant.

ASSOCIATED *with Lincoln Electric Company, Cleveland, since his graduation with honors from Ohio State University's school of business administration in 1938, Frank K. Griesinger headed the credit department before becoming assistant treasurer in 1949.*

Mr. Griesinger is co-author of "Sale-Leasebacks and Leasing in Real Estate and Equipment Transactions", reviewed on page 31 of this issue. He is past president of the Cleveland Treasurers Club and the Cleveland Philharmonic Orchestra, treasurer of Cleveland Institute of Music and vice president of Gates Mills Historical Society.

You, as the customer's creditor, have the pleasure of seeing your account brought up to date and kept that way. Your sales department secures larger orders, made possible by the customer's expanded business financed by the increased working capital.

Does it sound like everybody wins? You're right — and providing that competent legal and accounting advisors are used in setting up the transaction, Uncle Sam should approve the deal, too. The real estate leaseback technique has been used successfully for years by some of our country's largest, best managed corporations. Your customers and your own management can use this tool successfully. And in recent years, some professional leasing companies have even purchased machinery which you are using in your plant. The machinery is leased back to you for a period approximating its remaining useful life. Thus, capital previously tied up in that equipment is made available for financing current projects. Can you think of a few customers who could use more working capital? Of course you can — and that's an excellent reason for you to study the details of the leaseback technique.

Leasing as a Marketing Tool

Even if your own company doesn't manufacture machines, you undoubtedly are selling your products to some customers who do. Thus, today's progressive credit executive should familiarize himself with the details of lease marketing. This knowledge helps you advise customers. Your management may use these facts, too, particularly if an able competitor is gaining on your lead.

Leasing is no panacea among marketing plans. But any manufacturer wishing to improve distribution of his equipment should add a leasing plan to his kit of merchandising tools, providing his product is costly enough to justify pay-as-you-go financing.

Many concerns have used time payment plans for years. Leasing

(Continued on page 20)

MANAGEMENT AT WORK

.... a problem case is solved

By WALLACE G. QUEST
Jones Automotive Inc.
Omaha, Nebraska

THROUGH the years our company has sold many marginal accounts, always a challenge to the credit manager.

We sell material to both large and small electrical contractors, as well as to electricians of very little practical experience who start in business for themselves. Many of the latter never will be other than mechanics. Such customers comprise most of our marginal accounts and require close supervision.

Nevertheless we have found it profitable to sell the marginal accounts. With close follow-up we have held our bad debt losses to a surprisingly low percentage, one-eighth of 1% of sales. Many of the accounts whose payments are in arrears spread their credit around to other suppliers. We generally discover this through Industry Group reports and meetings. On receiving this information we take steps to reduce their credit limit. If the trend continues, the accounts are placed upon a C.O.D. basis. Quite often, inexperienced marginal accounts spend money on anticipated earnings which do not develop, resulting in slow payment to suppliers. Ultimately some of these customers go broke.

The slow accounts who fail to earn cash discount bring in additional profit to us. A better price is derived for our material when we sell in smaller quantities.

On the other hand, it often is possible to develop a marginal account into a very successful business, regularly using the discount privilege. An example of what can be done in developing a marginal account had its origin about ten years ago.

We had been selling an electrician from a small town out of state. Purchases were on a small scale. Nevertheless, we began to receive NSF checks in payment. We withdrew credit privileges. Later, two checks covering cash sales were returned NSF. Though we knew that we could file criminal charges, our company attorney and I called at the customer's place of business. After we had spent most of the day in discussion, the customer borrowed money locally and paid us in full with a cashier's check. We placed the account on a permanent C.O.D. basis. As the weeks went by, he built up debts to other suppliers and local people as well as relatives. Finally he skipped town. We derived some satisfaction from having discovered the hopeless situation in time to collect in full.

Successor Seeks Credit

Sometime later a man from the same town came to us to purchase some material on credit. Discussion of his financial conditions and qualifications as an electrician developed that he had purchased the electric business from the account mentioned earlier. Under the Nebraska Bulk Sales Law he was obliged to pay off many creditors. This took all the capital he had saved to operate the business. No credit was available from any supplier or from the local bank. In fact, the man knew very little about the electrical business, and had only recently moved to town.

After spending several hours with him (let's call him Mr. Williams), I decided to extend credit on a limited basis. Mr. Williams employed a local electrician who was a first class mechanic. Our salesman, who had previous experience as an electrical contractor, proceeded to teach Mr. Williams the fundamentals of the contracting business. I also spent considerable time with him, showing him why he should promptly invoice his customers, how to set up a bookkeeping system, and how to handle collections, all-important towards realizing profit. Mr. Williams' wife helped in the office and he spent all his time on the mechanics of the operation and in promotion of new work.

Pays within a Week

Mr. Williams paid within a week for each order placed with us. Later his credit limit was increased. Next, he was extended credit on a monthly basis, payable the 10th of the following month. Mr. Williams has never missed a cash discount since he started business. He is well aware that failure to take cash discount would cost him approximately 2% of his purchases each month, and if he should miss the discount each month of the year, it would be 24%. This would pay a lot of interest to his bank on short term notes in case of an emergency.

Mr. Williams has developed into one of our best accounts and is now an excellent businessman. His bank credit is unlimited, but he seldom has need of the bank's credit facilities. He never allows his customers to become delinquent; those who are poor-pay according to local credit reports are rejected as credit customers. Yet Mr. Williams has all the business he can handle. He is in demand because he is a good businessman, does good work, and is dependable. From our standpoint, Mr. Williams is one of our best accounts for several reasons:

1. He buys in volume and almost exclusively from our company.

2. He discounts his bills.

3. He bids jobs to derive a profit. Consequently we get profitable business rather than cutrate pricing to get an order.

You might consider this example

WALLACE G. QUEST, who became associated with Jones Automotive Inc. in Omaha on December 1st, was office and credit manager of Electric Fixture and Supply Company, when the accompanying article was written. He had been elected president of the Omaha Association of Credit Men in April last year.

Mr. Quest, after graduation from Grand Island Business College, took accounting, office and credit management courses at Omaha University as well as several technical and sales training courses.

Earlier business associations were with Swift & Co., Electric Housekeeping, Inc., General Electric Supply Corp., Glen L. Martin Nebraska Co., and Grove & Company Realtors.

as an account to dream about, but there are many others whom we have helped in like manner. Getting marginal accounts set up to work on a profitable basis, for customer and supplier, is usually the result of teamwork by salesman, customer and the credit manager.

Such success in handling marginal accounts cannot be accomplished by a credit manager who stays behind a desk. He must go out in the field and work with his accounts, and he must work with the salesmen. He must attend Industry Group meetings of his local credit association so that he knows the trends of business and all accounts. He must know the customer's limit and when "to close in" to avoid a credit loss. Oftentimes steps are taken such as assuming a mortgage on equipment or the customer's home, assignments of life insurance and/or accounts receivable, liens jointly between the contractor and ourselves against his customer, postdated checks, notes both secured and unsecured, joint checks by contractor's customer to the contractor and ourselves, filing of suit. Many personal calls on the customer are necessary in using these tools.

A credit executive, after many years of experience, becomes proficient in many jobs and acquires knowledge in many fields to fulfill his duties—accounting, banking, finance, psychology, salesmanship, law, personnel, office management, letter writing, traveling, real estate, insurance, taxes, and of course collection.

Working Dollars Through Commercial Financing Give Borrower Flexibility, Continuity, Comfort

By D. L. SALINGER
Director, Industrial Division
Walter E. Heller & Company
Chicago, Illinois

CREDIT managers today are interested in problems of working capital for a number of reasons. Customers short of continuing working cash present credit problems. Suppliers in insufficiently liquid condition cause production and delivery snarls which the credit expert is often called upon to resolve. And the credit man's own company, if short of working dollars, may hand him the primary management job of finding a solution.


D. L. SALINGER

These days we find three major characteristics of concerns coming to us for their working capital needs:

(1)—The company does a typically substantial volume with relation to the dollars invested as capital.

(2)—The company is often subject to wide seasonal or other variations in cash needs.

(3)—The company may show a small gross profit, but has a marked potential contingent on increased turnover of funds.

Financial Consequences

Now what consequences do such characteristics have financially? An important consequence is that few such companies show a consistent profit over the years. This makes it difficult, especially for the small and medium-sized concern, to get long-term financing: to issue common or preferred stock freely to the public, or to borrow money via debentures, in order to supplement its own capital.

It has borrowed, therefore, on a normal short-term or medium-term basis, through banks and commercial finance companies.

The bank is the best source of funds which are needed temporarily and in moderate ratio to volume of business, provided that these bank funds are sufficient in quantity and flexible enough in term and amount. And a big advantage of bank money is that the cost (expressed in terms of per cent per annum of interest) is low.

Businesses the banks don't consider prime risks must, of course, count on paying a premium over the prime rate. I suppose it is fair to say of the small company that, if the prime rate is for example 4 per cent, it can get bank funds at 5½ or 6 per cent.

Such bank arrangements sometimes can run on for years. But the national economic background is not always favorable. Nor is the operating performance of the particular bank-client uniformly good. And the bank may be subjected to excessive demand by its borrowing community in general. As a result, sometimes a bank may feel, or be advised by the examiners, that it just ought not continue a given loan, though it might like to.

Commercial Financing Company

Thus many such companies prefer to finance their operations through a commercial financing company. The commercial financing company operates in a secured position, as some banks have also taken to doing. With a secured lender, more funds are available to the client than are available from unsecured lenders. Funds are free to fluctuate up and down exactly as the client's volume of sales (and, hence, need) go up and down. And the finance company is not in the position of having to review its judgments at short-term intervals. The borrower, therefore, is afforded maximum flexibility, continuity, and financial comfort.

If, for example, it is a good moment for a warehouse or manufacturer to stock up with steel, the finance company can immediately allow him to do so. By such timely procedure, he often can increase the spread between his cost and his selling price, an accomplishment which may be difficult without such judicious timing.

Just how does such a financing company operate? Well, different companies work in somewhat different ways and call their plans by different names; fortunately there is available today a number of sound variations. The commercial financing profession has evolved these arrangements on the basis of practical considerations. These are not assumptions but facts we have learned over a span of close to 40 years.

First, we know that many concerns of sound moral background and good management do not have large enough total credit, from a banking standpoint, and so they may not be considered prime credits.

One of the most frequent reasons they may not be considered prime credits is short working capital position. Their customers' credit, plus their own, may nevertheless be very substantial. On that basis (moral soundness, good management, and acceptable customer credits), a commercial finance company will go to great lengths to be helpful.

Second, we know that (since needs for cash can fluctuate widely) it can be mortal to a borrower to be saddled with a fixed debt or a preferred stock issue of, say, $500,000 at a time when he needs only $100,000, and then to be groaning for an additional $750,000 later in the year.

Third, you cannot plan your business properly when great uncertainty

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DAVID L. SALINGER, ***director of the industrial division of Walter E. Heller & Company and assistant vice president, attended Washington University and Princeton. After a year at the St. Louis*** **Post-Dispatch** ***he was for 13 years active in consumer and industrial finance. He spent four years in Government service, World War II.***

Mr. Salinger has spoken frequently before trade groups and has authored articles for the business press.

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surrounds the question of renewals or continued availability of credit. You have to know how much cash you are going to be able to count on in your business—your own funds plus your borrowed funds.

Fourth, though employment of additional funds may seem attractive, there is one thing that businessmen generally want to avoid at all events, even sometimes when large enough to seek public participation in their companies. They shy away from sharing control (and profits) with common stockholders. Why? Because the common stockholder often gets to thinking of himself as management. He is inactive in the business, but wants to be consulted the same as active management.

The direction and destiny of many a business have been wrenched away from those management men who have worked hard to build it up but have sought additional capital funds through small-group investors or through public participation.

Fifth: At the same time, many concerns do require and welcome unrestrictive outside analysis and objective counsel. These can come from handling your affairs intimately with a management group such as that of a commercial finance company widely experienced in your industry, well versed in related fields, and able to make comparisons, point out weaknesses, and suggest improvements.

Minimizing Labor Costs

Further, it is always a proper objective to minimize labor for the client and for the financing company. Labor costs today are a very major ingredient, and somehow do not seem to respond to other economic fluctuations.

So we have evolved programs which eliminate as much detail as possible in handling.

Operating specifications generally are based on an analysis of each client's business: the margins made desirable by bad debt losses and returns and allowances, the rate of turnover, the monthly and annual volumes, maximum and minimum usages required, the average amount of invoice, the number and calibre of customers, the number of billings, and so on.

It is only fair to say that in some instances advances against receivables alone are not enough to do the job. This is particularly true in industries where the sums in use bear a high ratio to capital investment and to the kind of receivables available for advances.

Commercial financing techniques, therefore, make possible what is in effect an over-advance—an additional credit, during peak season—based on certain types of inventory. Normally these additional advances are adequate. Inventory loans are usually supported by warehouse receipts, evidencing inventory stored in a field warehouse. The fact that these advances are secured not only gives the finance company protection but also allows infinitely greater accommodation to the client.

Plant and equipment loans we find are also frequently used, as is to be expected, by companies with a high portion of net worth tied up in fixed assets, which are clear and can be borrowed against.

There is also the matter of leasing. In recent times we have financed a substantial amount of leases of new equipment, and over many years an even larger amount of equipment sale-and-purchase deals on terms.

Say your company wants to put in $250,000 worth (or $10,000 worth) of new processing or materials-handling or packaging equipment. You want to purchase it, or lease it, over an extended period of months or years. We will handle that either in conjunction with working fund arrangements or by itself. If by itself, the transaction generally is arranged with us by the lessor or seller.

These plans are generally called plant modernization plans, or something similar, since that is their major purpose: to enable industries to improve operations, cut costs by modern methods and equipment.

There are many additional things that some commercial finance companies can do for clients in the 40 or more industries we serve—for example, financing mergers and buyouts, rediscounting paper (in other words, financing other and smaller finance companies), financing production of movie films and television programs, financing aircraft, construction of oil tankers.

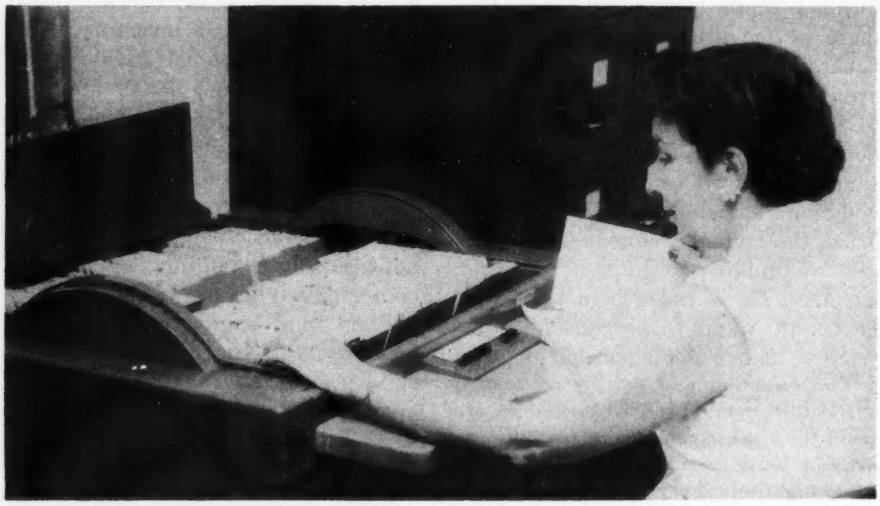
About the only things commercial finance companies, as such, do not do are consumer financing, personal loans, financing of automobiles or appliance buyers or dealers, nor are they usually to be found active in the real estate financing market.

Mechanized File, New Service Counter Boost Morale for Investment House

WHEN an office becomes so crowded and so busy that work and morale begin to suffer, it's time to call in the experts.

That was the experience at the Philadelphia offices of Kidder, Peabody & Co., one of the nation's leading investment houses, says Walter Fink, office manager.

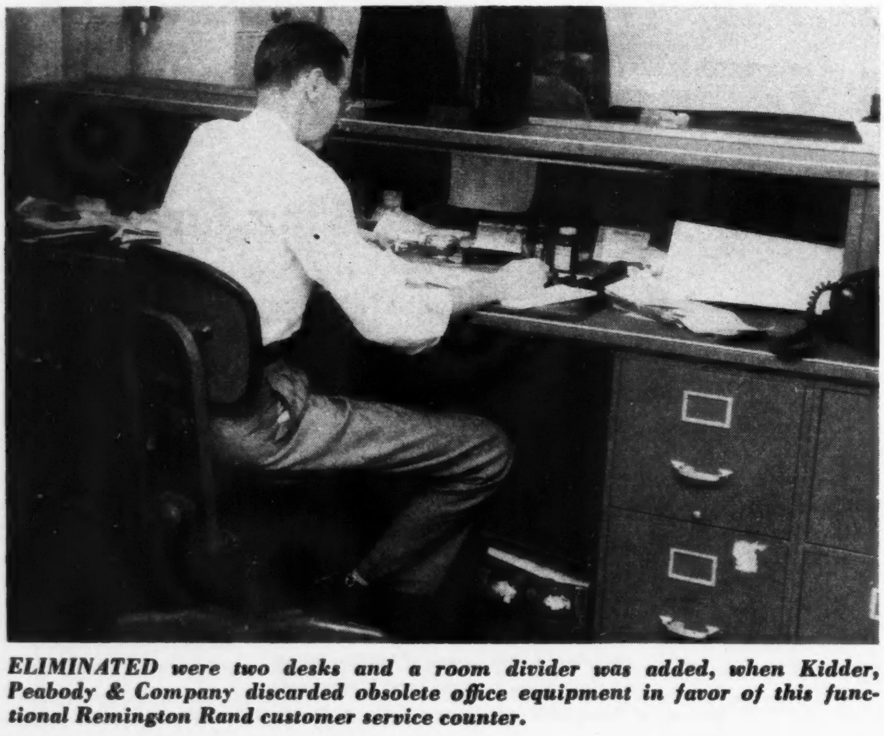
"Five of our employees here work in a room about 25 feet square, a room that in recent years had come to seem much too small. The necessary clutter of files, desks, typewriters, books, ledgers and security boxes, coupled with the fact that time is always a pressing factor in the investment business, made the office an uncomfortable and often nerve-wracking place.



REMINGTON RAND Kard-Veyer, which replaced two large filing cabinets in the Kidder, Peabody & Company office in Philadelphia. Mechanized filing unit, Kard-Veyer employs pushbutton selector.

"We couldn't open a cabinet drawer without creating a traffic hazard; our girls were constantly getting in each other's way as they reached or stooped to pull customer account cards from the files, and the two men whose desks were in the middle of the office floor had trouble finding adequate work space for the heavy ledgers and record books that are an important part of their jobs.

"We knew we would have to make some physical changes in order to use the work space more efficiently, but we were stumped on how to go about it. Deciding that the problem deserved the attention of experts, we turned it over to Remington Rand. After a careful analysis of all aspects of our work routine, their recommendations called for two major improvements."



ELIMINATED were two desks and a room divider was added, when Kidder, Peabody & Company discarded obsolete office equipment in favor of this functional Remington Rand customer service counter.

One has been the installation of an automatic unit that takes the physical exertion out of the girls' job of pulling and filing customer account cards. This is the new Kard-Veyer, a compact machine in which trays of file cards are suspended on a concealed rotary device. At the touch of a button, the device rapidly revolves until the tray carrying the desired card is brought to the operator's fingertips.

"The girl thus has immediate access to all the cards in the file without having to stir from a comfortably seated position," Mr. Fink explains. "Desk-surface arms attached to the unit provide space for holding work and for writing, making the Kard-Veyer a wholly self-contained work station. Individual trays can be removed and carried to a desk whenever necessary, without impairing the efficiency of the machine.

"This single piece of equipment, with an ample margin for future expansion, has replaced the two bulky filing cabinets that formerly housed our customer account records."

The second major improvement was to install a customer service counter near the front of the office. "This attractive steel unit serves three purposes: it is a room divider for separating the public part of the office from the work area; it is a

counter for transacting business with our clients, and it provides improved desk space for the two men who formerly worked with inadequate facilities in the middle of the room. Equipped with file drawers for books and papers constantly used by the men, as well as for all the materials needed for prompt customer service, the counter concentrates several work stations into one.

"These two simple changes have accomplished more than one would have thought possible in conserving space, reducing motion, and improving efficiency and morale. They have brought about a complete transformation in the atmosphere of the office, both from the staff's and customer's point of view. A room that once looked cluttered and badly outgrown by the press of work has now become a spacious, cheerful place of business."

To augment the basic improvements, the Philadelphia offices have also installed a complete new set of office furniture, fatigue-reducing posture chairs and compact steel desks, which enhance both the appearance and comfort of the work area.

More Attention to Women Is Urged in Instalment Promotion

Urging banks to concentrate more promotional and advertising attentions on women, Imogene Bentley, dean of women at North Texas State College, believes that "many families would prefer to buy on the instalment plan and have local banks finance them if they knew the bank was not a righteous parent disapproving of an adolescent's poor judgment."

Miss Bentley told 1700 attending the Dallas convention of The National Association of Bank Auditors and Comptrollers that more should be done in educating women to the opportunities in a banking career.

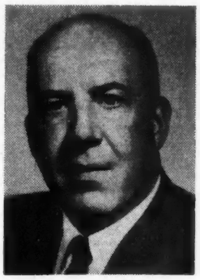
G. Edward Cooper, senior vice president, the Philadelphia National Bank, outlined a preparedness program to assure continuance of banking functions during any emergency.

Winslow E. Pike, vice president and comptroller, First National Bank of Atlanta, said the "personnel function will have a tremendous effect on the comptroller's ability to control costs", because "personnel costs comprise the greatest single expense in the cost of operating most banks and other business."

Commercial Finance Industry Lauded in Business Upswing

Crediting the commercial finance industry with an important part in terminating the recent recession by provision of additional funds to business, and calling the comparatively fast upturn "one of the brightest chapters in the saga of American finance," Herbert R. Silverman, president of James Talcott, Inc., New York, urges the industry to expand its efforts now rather than "coast along in a creeping comeback to a partial recovery."


W. S. SEIDMAN


THOMAS LEFFORGE

Mr. Silverman, retiring chairman of the National Commercial Finance Conference, Inc., told the 14th annual convention that the industry had increased loans 7 per cent.

Hats off to the Past — Coats off to the Future!

Walter S. Seidman, partner in Jones & Company, New York, association president, succeeds Mr. Silverman as board chairman. Thomas Lefforge, executive vice president of Commercial Discount Company, Chicago, is the new president.

Finance Seminar Is Held by Business Forms Institute

In a seminar devoted to problems of finance, budgeting, materials control and uses of electromechanical equipment, held in New York by the Business Forms Institute for its business forms manufacturer members, E. N. Vanstone, controller, Moore Business Forms, Inc., Niagara Falls, N.Y., outlined his company's basic five-year plan, keeping it up to date and five years ahead each year. Charles J. Timm, controller, Autographic Business Forms, Inc., South Hackensack, N.J., pointed out the need for checking physical inventory periodically, and described two forms used by his company in relation to inventory of paper and carbon.

GRIESINGER

(Continued from page 13)

plans accomplish a similar objective. If you finance the receivables yourself, you tie up quite a bit of your company's capital—and perhaps you need that capital for expanding production. Under such circumstances, you search for a professional leasing company. Such a concern buys your equipment outright, finds a refinancing source to which your customer's credit is satisfactory, and then negotiates a lease directly with your customer.

You get cash immediately; your customer gets his cost-reducing, modern equipment; the professional lessor does the paperwork. If your customer's credit does not justify non-recourse financing, your professional lessor may be willing to permit you to sign a "take-out" agreement, guaranteeing that you'll take back the equipment and pay the balance owing on the contract if the customer defaults.

Such arrangements are being made daily by many prominent machinery manufacturers. Reliable firms such as the Boothe Leasing Corporation of San Francisco have helped many manufacturers increase volume substantially by providing sound, workable lease plans for customers. Why shouldn't *your* sales manager investigate similar services?

One word of caution—many professional leasing companies are offering their services to industry. Not all are managed or financed properly. Make sure that the company you select is willing to divulge its source of financing and its method of operation, so you can be sure your customers are being offered a sound plan.

For instance, if the tax authorities decide that a lease plan with purchase option is truly a conditional sale, your customer might blame *you*. Sound lease arrangements *avoid* purchase options, or at least provide that the option is based on an appraised market valuation at the time the option is exercised.

If you are thinking of operating your own leasing plan, be sure you forecast your cash requirements, which have a way of mounting progressively as your plan succeeds. Also, remember that leased equipment belongs to *you*. You'll want to make a careful study of state taxation, qualifications for doing business and recording requirements in the states where you are renting your product.

On the plus side, your own leasing plan allows you to control the disposition of used equipment returned from leases—and your attorneys may advise you that any profits on the sale of such used equipment can be treated on a capital gains basis. Also, your credit department's expert knowledge may permit you to accept direct leasing business which the bank or professional lessor might turn down.

Using Lease as Financing Tool

By now you may be asking yourself: "Why not consider using lease contracts for the buildings and equipment we need in our *own* business?" Or—"Why not suggest equipment leasing to those slow-paying customers of mine?"

Let's look briefly at these problems. First, using leasing involves using someone else's money. Can you afford to borrow in *your* business? Borrowing means that you must agree to a payback schedule which can be met regularly. This requires stable revenue and ability to predict future cash flow quite accurately. If you *can* borrow, you'll find leasing or conditional-sale contracts may be very helpful—or perhaps you'll find a banker who will lend you the money for an outright purchase of plant or machinery.

Borrowing is almost always less costly than paying for expansion by equity financing, such as selling common stock. Using retained earnings may be more expensive than you think, too. Borrowed money increases the leverage of the net worth investment, as any credit analyst knows. But borrowing should be used sparingly in any risky business.

If you decide to look into the possibility of using leased assets, make sure you ask your professional advisors to examine the prospective contracts. There are many legal difficulties inherent in certain kinds of leases, as the government views leasing as a tax-postponement device. Administrative regulations of the Internal Revenue Service are quite restrictive—you'll want to study them closely.

Equally important: make sure you know *why* you wish to lease—and do some calculating on the *costs* and *cash flows* of the several alternatives available to you. These alternatives may include bank loans, conditional sale contracts, mortgages, debentures, common stock, leases or using your own retained earnings. There are many specific advantages which apply to lease contracts. There are disadvantages, too. And there are *many* misconceptions about equipment leasing—tax savings, for instance. This report doesn't attempt to give you the complete picture—but the subject merits your further study.

The advantages of equipment leasing may apply to your customers, too. However, if your customer owes you some overdue obligations, it is likely that his credit standing could be better. This may be an impediment, because lessors are usually dependent on sources of refinancing. Such sources usually are found among banks and insurance companies. As those organizations are stewards of depositors' and policyholders' money, they are understandably particular about credit worthiness of their lessees.

So—if your customer has difficulty in securing leasing service, you may wish to consider offering to sign the contract, too, thus adding your credit standing to his. Most of us have experienced the satisfaction of seeing a company conquer its difficulties through trust and help on the part of its suppliers. Credit literature is filled with success stories of concerns staffed by able management men who were *trusted*.

Leasing and the Balance Sheet

The final part of our brief analysis concerns the changes which a lease contract may make in the financial statements of the lessee. In doing balance sheet analysis, any up-to-date analyst must remember that leasing is being used increasingly by business. Consequently, the analyst must always measure the possibility of undisclosed lease liabilities.

When an asset is purchased, whether outright for cash, or on time, it shows up in the asset account. If payment is deferred on a conditional sale contract evidenced by a note, that note will show as a liability, thus permitting the analyst to take the circumstances into consideration.

Lease contracts are handled differently. While the equipment or facilities leased are very much in evidence, physically, and produce just as much profit as the owned equipment, they

appear nowhere on the balance sheet. The long-term lease itself, which may be draining cash from the business for terms of three, five, ten years or longer, is not recorded in the liability section. If your customer employs professional auditors who do a thorough job, they may discover the lease obligation in their examination, footnoting it. But they may *not*. And if the customer is submitting an unaudited balance sheet to you, the lease obligation may be very difficult to discover.

What should you do? Ask questions —preferably to be answered in writing by your customer. In important cases, there is no substitute for your personal visit to his plant. Your experienced eye can contrast plant facilities with balance sheet asset values. To the extent that you are permitted to examine the customer's books of account, you may discover regular lease payments recorded in the disbursement journal.

Keep in mind that the lease offers definite temptations to certain companies which have bonding company ratio requirements to meet, for instance. A lease or leaseback program will permit the contractor to make marked improvement in current operating ratios. As you do your periodic analyses, be alert for any sudden ratio changes. Ask questions. Many corporate treasurers are wary of stockholder objections to ever-increasing fixed asset investments. Leasing looks like an ideal way to secure assets without recording them on balance sheets. And remember that the fixed asset acquisition controls practiced by many companies encourage renting of assets by operating people. Rental may eliminate the red tape required by company purchasing procedures.

Remember that assets produce profits because they are used, not because they are *owned*. Lease and leaseback contracts are valuable aids to both business financing and merchandising. Be sure that you know the advantages *and* the disadvantages of these new techniques. Always contrast *all* your financing and marketing alternatives, too, as they relate to your objective. And when you are analyzing balance sheets, keep your eyes open for assets and liabilities which *may not be shown*.

Used properly, these new methods of financing and marketing can be very valuable to business. Your alertness to such ideas may mean the difference between profit and loss.

These Letters by Credit Managers Won Awards in National Competition

Among the 125 winners in the field of 389 entrants in the Twentieth Annual Dartnell Gold Medal competition for business-letter excellence were the following submitted by credit managers of manufacturing and wholesaling companies. Gold Medal Awards went to 75 competitors, Honorable Mention to 50 others.

Ballpoint Pen in Red Accompanies Letter

By MISS ELSIE M. LEARY, Credit Manager, The Parker Pen Company, Janesville, Wis.

Accompanying Miss Leary's letter to the customer was a red Parker t Ballpoint Pen

Gentlemen:

We are sending to you herewith one of our representatives who has a silent but sad story to deliver.

You will notice that our representative is dressed in red, which is an appropriate garb, inasmuch as that is the present condition of your account on our books. After you have seen and heeded our representatives' message, we will be glad to send you a new suit of black clothes for him, which color we are sure will be more appropriate at that time.

May we hear from you soon, with a check for

Yours very truly

Expressing Appreciation For Prompt Payments

By J. A. PATTERSON, Division Credit Manager, Lily-Tulip Cup Corporation, Springfield, Mo.

Gentlemen:

THANK YOU!

Yes. we most certainly owe you a special word of thanks. Normally we are so busy with our problems we seldom take time to express our appreciation to customers such as you who pay their accounts, month after month, year after year, quietly and regularly, with no effort on our part. It has been said, and it is true, that a creditman is so busy saying "Please remit" he overlooks the opportunity to say "Thank you". So we are forgetting the problems for the moment to express our gratitude to you and your entire organization for your acceptance of our product and the fine manner in which you have consistently maintained your account.

The success of our efforts depends entirely upon the cooperation of our accounts, so it is to you we feel most indebted. Our appreciation is great—our thanks sincere.

Cordially yours

FRANK K. GRIESINGER ***speaks about credit matters from a background of 10 years as head of the credit department at Lincoln Electric and service as a trustee of the Cleveland Association of Credit Men. He is known for his articles on credit management for this magazine, for his talks and articles on administrative management, marketing methods and cost-reduction techniques.***

The Personal Approach In Request for Payment

By A. A. GOOD, Credit Manager, Continental Coffee Company, Chicago, Ill.

Dear Mr. . . . . :

Every time I have to write for money, I recall the more or less distant school days when I found it so difficult to write a letter home. Never had any trouble composing a letter except when I had to ask for funds. Then it was a task—and I've never been able to find the reason. Father or Mother always sent it, if they possibly could—and if they could not, they made me understand and sent a word of encouragement. Yet it has always been a task.

Of course, in those days, I had only myself to worry about—whereas now, as the head of the Credit Department, I have to assume responsibility for the Company. So if you will overlook my way of expressing it. I will be grateful to you if a check covering the past due amount of $ . . . . . , for . . . . invoices, will reach me within the next few days.

Just slip your check into the enclosed envelope, and thanks much!

Cordially yours

Directors Vote for Merger of Morgan and Guaranty Banks

Plans for merger into a new banking institution, Morgan Guaranty Trust Company of New York, have been announced by J. P. Morgan & Co., Inc., international banking house, and Guaranty Trust Co. of New York. Both deal chiefly with other banks and business concerns, rather than the public.

The merger, subject to approval by the New York state superintendent of banks, the Federal Reserve Board and shareholders of both banks, would result in the third largest bank in New York City and the fourth largest nationally. Total resources would be $4 billions, deposits approximately $3.2 billions, and capital funds exceeding $500 millions.

Directors of both institutions have approved the merger terms, under which the holders of Morgan stock would receive four and two-fifths shares of the merged bank for each of the 350,000 Morgan shares outstanding, Guaranty shareholders one new share for each of the 6 million currently outstanding. Completion of the merger by early March is expected.

Henry C. Alexander, chairman of Morgan, would be chairman and chief executive officer of the merged bank; J. Luther Cleveland, Guaranty's chairman, would head the executive committee. H. P. Davison, Morgan president, and T. S. Lamont, Morgan vice chairman, would become vice chairmen, and Dale E. Sharp, Guaranty's president, is slated for the presidency of the merged bank.

Guaranty had deposits totaling $2,453,288,000 on September 30th, Morgan $790,797,000.

Agricultural Changes Call For More Flexible Banking

While the "present agricultural revolution, resting on basic science and closely allied with the widespread advance of automation in both production and distribution," is "threatening the traditional pattern of a single owner-manager-operator," it will bring unparalleled advances in American agriculture in the next decade, and "alert country bankers will capitalize on the preference of many concerns to do as much business locally as possible," dean Earl L. Butz, of the school of agriculture, Purdue University, told bankers meeting in Omaha at the National Agricultural Credit Conference. "Those who serve the growing area of 'Agri-Business', including those who finance agriculture, must change or be churned, dean Butz declared, the *American Banker* reports in a recent issue.

> ***Pray for a good harvest, but keep on hoeing!***
> **—Anonymous**

Some one thousand banks now have specially trained agriculturists in charge of their agricultural loan departments, but more of these specialists are needed in banking. Kenneth L. Scott, director of agricultural services, Department of Agriculture, Washington, told bankers at the conference. "A capable agricultural representative not only will know how to assist the bank's farm customers in making a realistic analysis of their farming business and determine the real credit requirements and debt paying possibilities," but "he will help the bank maintain prestige in the community."

Tax-Saving Opportunities Found in New Amendments

Tax-saving opportunities are being applied by taxpayers in income tax amendments enacted by the last Congress, for example in the provision permitting a bonus of an additional 20 per cent first-year depreciation allowance on $10,000 ($20,000 if a joint return) of depreciable property bought after 1957, says Commerce Clearing House.

Also important is the "tax-option" provision permitting closely held corporations to elect not to be taxed as corporations, the shareholders taking up their share of the taxable income of the corporation as if it were their own.

Other new year-end tax-saving possibilities noted in CCH's new booklet, "Year-End Tax Planning for Returns to be Filed in 1959," are these:

New operating loss carryback (three years instead of two), accumulated earnings credit ($100,000 against $60,000), uninsured business casualty loss (full ordinary loss, not capital loss), and condemnation awards (tax-free replacement can be "like-kind" property and is not limited to property "similar-in-use").

Will Economy Rise Throughout '59 or Level Off? Conferees Evenly Divided

GROSS national product should rise to close to the $460 million level, 4.5% per cent above 1958, business spending for new plant and equipment and new home construction should increase, "inventory liquidation will be at an end," said educators and economists at the University of Michigan's sixth annual conference on the economic outlook. Participants were evenly divided on whether the economy would show a continuous rise during 1959 or would level off toward the end of the year. Cyclical recovery rather than an "exuberant upswing" was indicated.

"The industries hardest hit in 1958—autos, textiles, steels, chemicals, metals, machinery and rubber—are expected to have the sharpest recovery," according to Edmund A. Mennis, research director, Wellington Company, Philadelphia, "with the 25 per cent improvement influenced by substantial gain in the automobile industry. If automobiles are excluded, the gain is 18 per cent." However, only one in five of the 70 surveyed mentioned improved sales of autos and other consumer durable goods as a contributing factor to the strengthening economy.

Small Car Makers to Benefit

"New car sales in 1959 may top six or seven million units, with small cars increasing their share of the total car market," said Prof. Hans Brems, University of Illinois economist. "Small car makers in Wisconsin and Europe will benefit more from the boom than Michigan, home of the lower and longer models."

Other forecasts: Increased Government spending will lead to a substantial recovery in gross private capital investment, from about $52 billions in 1958 to $61 billions in 1959. Corporate profits will be up noticeably, from $32 billions in the second quarter 1958 to $39 billions in 1959.

Unemployment will decrease only slightly, despite the expectation of a sharp rise in industrial production. With an increase of 10 points or so in the Federal Reserve Board index of production, from 137 to 146, unemployment may remain as high as 3.7 millions, the survey indicated.

Average hourly earnings in manufacturing probably will rise, from $2.14 to $2.20.

"The rising cost of food processing and distribution will moderate the effect of lower farm prices on the consumer price index," according to Willard D. Arant, economist for Swift & Company, Chicago. The agricultural outlook for 1959 "is one of abundance," he noted, but whether "abundance is profitable for farmers or not varies by commodities," depending on "whether the commodity is Government-supported and the nature of that support; if not supported, on the elasticity of demand."

From the skeptics' bench came admonitory waggling of fingers. "The current comeback stems from the favorable conjuncture of a defense program in the stage of acceleration and a farm program about to disgorge a vast amount of money," with the Emergency Housing Act adding still more benefits, but "these conditions will not always be present," noted Herbert Stein, director of research division, Committee for Economic Development. He voiced doubt that "we are intellectually prepared to find substitutes or even recognize the need for them."

Other comments: "Per capita income is now at or below the 1943-44 level, in real terms, with industrial production only slightly above wartime peaks; not an impressive growth record". . . "Not suprised to see housing starts decline under the impact of higher interest rates" . . . "Consumers are well stocked with durables and heavily in debt" . . . Question whether "Congress will be able to resist the many tempting proposals put forth for increased nondefense expenditures."

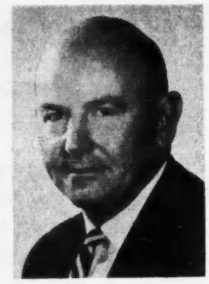
People who have a right to boast usually prefer not to.

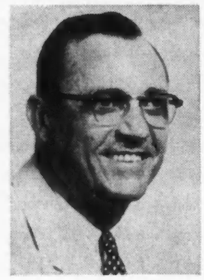
—Anonymous

ON THE

Personal Side


C. E. HARRIS


L. B. HOUGHTON


J. P. HARRELSON


O. K. LAWSON


E. B. WEBSTER


E. J. McCLURE

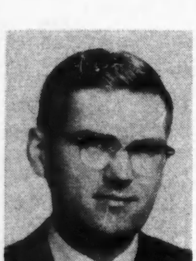
LEROY B. HOUGHTON has advanced to treasurer, Union Oil Company of California, Los Angeles. Active in credit education progress, Mr. Houghton is a trustee of the Credit Research Foundation, NACM. He began his career with Union Oil in 1931 in the treasury department as general clerk and stenographer, and since 1946 he has been assistant treasurer and assistant secretary. He is a member American Petroleum Credit Association, A.P.I. finance and accounting committee, and Toastmasters International.

In appointments at Wyandotte Chemicals Corporation, Wyandotte, Mich., GEORGE W. SCHWARZ, vice president of the company and general manager of the general products division, has additionally been named treasurer of the company, and DONALD R. HIBBERT has been named controller.

Mr. Schwarz, earlier with Ernst & Ernst, in 1938 went with the predecessor companies which make up Wyandotte as controller, becoming vice president ten years later. In 1954 he relinquished the controllership to assume direction of the company's purchasing, traffic and transportation activities and marketing of its non-chemical products. He is a past national president of Controllers Institute of America.

Mr. Hibbert began with the company in the spring of 1958 as director of accounting. Before that he was for eight years with the Detroit office of Touche, Niven, Bailey & Smart.


G. W. SCHWARZ


D. R. HIBBERT

C. E. HARRIS, past president of the Knoxville Wholesale Credit Association (1957-58), has been promoted to treasurer, H. T. Hackney Company, with which he began 10 years ago. He also has been named an officer and director of four of the Hackney company's subsidiaries: Brink's Inc. of Knoxville, Testoil Company, Inc., of Harlan, Ky., Park Oil Company and Maryville Properties, both of Maryville.

J. PAUL HARRELSON has become credit manager, Faultless Caster Corporation, Evansville, Ind. He formerly was credit and office manager, Brandeis Machinery & Supply Company, Evansville, and had been one year with Servel, Inc. Active in NACM Tri-State Area, Inc., Mr. Harrelson now is serving a second term as president of that association (biography in CFM August '58, page 33).

EVERETT B. WEBSTER has been named secretary-treasurer, Crown Cork & Seal Company, Inc., Philadelphia. He began with the company in 1920 as eastern district credit manager and has since held a number of key executive positions with Crown. Mr. Webster recently was honored by the Can Manufacturers Institute for service to the industry.

EDWARD J. McCLURE, recently named director of purchasing for Crown Cork & Seal, worked in the credit department following a brief tenure as mail clerk, subsequently handled special product and machinery sales.

OTIS K. LAWSON, who began with Electric Constructors, Inc., Birmingham, seven years ago as office and credit manager, has been advanced to treasurer and assistant secretary of the corporation. Earlier associations were with Standard Oil Company of Kentucky; as area finance supervisor with National Youth Administration division of Federal Security Agency, in Alabama, with Bechtel-McCone Aircraft Corporation, and in private accounting practice. Mr. Lawson is treasurer of the Alabama Association of Credit Executives and member of the state board of directors.

EDWIN C. BRAYNARD, JR. of the Greater New York agency department, American Credit Indemnity Company of New York, has been named manager of that office. Experienced in credits, Mr. Braynard went with ACI in January 1955, following associations with Pacific Mills, Cantor-Greenspan Company, Virginia Woolen Company and Textile Banking Company, all of New York.

JAMES B. LEACH, a 30-year man with the bank, has been advanced from vice president to senior vice president, People's Savings Bank, Providence. He retains his responsibilities as treasurer of the 107-year old bank. Mr. Leach is a member of the legislative committee, Rhode Island Bankers Association, and of the Rhode Island Association of Credit Men.

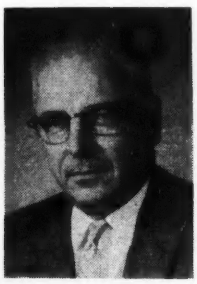
WESLEY C. KING, manager of credit department and assistant treasurer, Utica Mutual Insurance Company, Utica, N.Y., has additionally been appointed to the newly created post of director of operations and procedures of the company and its branch and district offices. Mr. King is a past president of the Central New York Association of Credit Men and presently is membership chairman and director.

JOHN PAUL REED has been appointed manager, general credit department, Swift & Company, Chicago, to succeed James C. Clay, retired. Mr. Reed began with the company in 1927 and had variously been assigned to credit departments at Pittsburgh, Boston and Chicago prior to his present promotion.

W. C. FISHER has been named credit manager, East Tennessee Packing Company, Knoxville. With the company for nearly 35 years, Mr. Fisher has served on the NACM nominations committee, and in the Knoxville Wholesale Credit Association as president (1954-55), director, treasurer and chairman of most of its standing committees.

ROGER C. SMITH, since 1957 assistant general manager of Motorola Finance Corporation, has been named credit manager of the parent company, Motorola Inc., Chicago. A graduate of Princeton University and Harvard school of business administration, Mr. Smith began with Motorola in 1952 as assistant to the financial vice president, becoming manager of consumer products financing for the subsidiary operation in 1956.

W. C. KING



J. P. REED

W. C. FISHER

JOHN LESH

JOHN LESH, formerly controller, has been promoted to vice president-controller, Weber Showcase & Fixture Company, Inc., Los Angeles.

E. TERRY MAULE, former assistant secretary and credit manager, Maule Industries, Inc., Miami, has been named secretary of the company. Mr. Maule is immediate past president of NACM South Florida Chapter (biography appeared in CFM February '58, page 41) and a director of better business division of Miami-Dade county chamber of commerce.

WILLIAM CHITTY has been named secretary, Shaw Equipment Company, Dallas.

JOSEPH SCODRO has been promoted to controller, La Salle Steel Company, Hammond, Ind. A graduate of Northwestern University, Mr. Scodro holds bachelor and master degrees.

At the same time RONALD A. ALITTO, formerly credit manager, has been advanced to assistant secretary. With La Salle Steel since 1952, Mr. Alitto has bachelor and master degrees from De Paul University.

EDWARD BRUNELL has been promoted to assistant secretary, Spear-Newman, Inc., East Haven, Conn. He also is general office manager of the company, which he joined at its founding in 1949.

In promotions at United Illuminating Company, Bridgeport, Conn., RUSSELL GOERING has been advanced to supervisor of collections, customer accounting department. He succeeds GEORGE W. BECKERT, who has become supervisor of collections in the New Haven department. KENNETH H. BACKMAN, of West Haven, steps into the position of training and personnel supervisor in the treasury department.

Mr. Beckert, a member of the Credit Managers Association of Southwestern Connecticut, began

JOSEPH SCODRO

E. T. MAULE

with United Illuminating in 1922 as office boy. Mr. Backman, a director of the New Haven Association of Credit Men, started with UI in 1939 as clerk in the treasury department, advancing to supervisor of collections at New Haven in 1949.

HARRY R. WHITE, executive vice president, First Federal Savings & Loan Association, Chattanooga, has received unusual honor in reelection as director of the Federal Home Loan Bank of Cincinnati, representing Tennessee. Mr. White is past president of NACM Cherokee Unit.

BRUCE S. SHANNON, formerly vice president and controller, has been named vice president-finance, Drackett Company, Cincinnati. JAMES A. PARCHMANN has been promoted from assistant controller to controller.

JOSEPH B. FUNK has been named vice president, Textile Banking Company, New York, N.Y. Formerly assistant vice president and senior credit representative, he steps up to posts left vacant by the death of George E. Ambrose, vice president and credit manager.

Mr. Funk's career parallels the company's for he joined Textile in 1920, a few months after it started in business. His entire career has been in the credit department, from start as stenographer to credit investigator, senior credit man, and in 1944 to assistant vice president. He holds the Executive Award of the NACM Graduate School of Credit and Financial Management, Dartmouth (1952).

"One doesn't achieve standing in any field on standard working hours."
—American Artist

Legal Rulings and Opinions

No Posting Requirement

An amendment to the Factors' Lien Law of North Carolina has eliminated posting requirements.

Previously the law had required that a factor maintain on the door or other conspicuous place, at the main entrance of the premises where the materials were stored, the name of the factor in legible lettering and a designation of said factor as factor. This requirement has been removed by the amendment.

Arbitration without Dispute

From a practical point of view it is not always true that there can be no arbitration if there is no dispute; a past-due bill need not be in dispute to be collected through an arbitration proceeding, members of the Manhattan Credit Group were told by Jules Hesson of Hahn & Holin, New York. Mr. Hesson advised credit executives to work for a proper arbitration clause in their sales contracts, naming a specific tribunal and place for holding the arbitration. Then a seller could have a ruling within three months. Under a loosely drawn clause, he said, a debtor would have the same opportunity for stalling tactics as in a court proceeding, the very situation arbitration is intended to eliminate.

Mr. Hesson explained. If merchandise is sold under a contract containing an arbitration clause and is not paid, the seller may move for arbitration. The buyer can either ignore the arbitration or admit owing the money and say there is nothing to arbitrate. The seller, he said, wins in either case. If the buyer ignores arbitration, an award will be made on default and the seller can get a quick judgment. If the buyer admits the liability, the seller can use that admission to get a quick judgment through suit.

Always do right. This will gratify some people and astonish the rest.
—Mark Twain

Builder Liable in Fall

A house under construction was left unlocked. A child climbed to the second floor, fell through the unfinished flooring and was injured. A judgment for $3,622.29 for negligence was awarded against the builder by the jury, in favor of the child and her father, and the appellate court affirmed the judgment, holding that the builder or his agents should have known the likelihood of trespass by children. (*Chase v. Luce* (Minnesota '53) 58 N.W. 2d. 565.)

An Indirect Merger

A state bank sought to enjoin a national bank and others from monopolizing or attempting to monopolize the banking business in a given area. The state bank alleged that the national bank, which could not under federal or state law purchase stock of the state bank, had conspired to have an individual purchase the stock, indirectly on behalf

"Either a man is 100% loyal or he is completely disloyal."
—Eddie Rickenbacker

of a bank employees' profit and sharing trust. The state bank also asserted this was done to the benefit of the national bank so that the state bank could be closed down or controlled by the national bank, thus eliminating competition.

The majority of the court held that the fact that the operations of the national bank might be largely interstate in their nature did not foreclose, in advance, questions of whether some of its operations might be considered intrastate.

"The charges made in the bill of complaint here are grave," stated the Court. "If true, and at this time we must treat them as true, they strike deep at the heart of the right of a state to protect itself and its citizens from monopolistic practices which its legislature has declared harmful. We do not think that what could in effect amount to a determination of legal untouchability in a case of such public gravity and proportions should be so decided."

"Communist — A fellow who has given up all hope of becoming a capitalist."
—Sales Management

The minority of the Court said the problem was one of federal rather than Michigan law and could be approached through alleged violation of the Sherman Law and Clayton Act in a federal court.

The attorney general of Michigan said that the "plaintiff does challenge the right of . . . National Bank. even assuming its right to have an affiliate and its right to have a profit-sharing trust such as that here involved as an affiliate, to employ that affiliate in a manner which will constitute a violation of the state anti-monopoly law." (*Savings Bank* v. *Stoddard,* 88 N.W. 2d 462 (1958).

Storekeeper Liability

While his mother and grandmother were being waited on in the rear of a shoe store, a 1½-year old boy strolled to the front, placed his hand on the glass swinging door at the entrance. His finger, caught in the opening between door and stationary glass panel, was fractured and severely cut. Suit was brought and the jury returned a $1,000 verdict against the store. Appellate court reversed later ruling, and ordered verdict in child's favor reinstated, holding that the issue of whether the storekeeper had been negligent was one for the jury to decide. (*Hammontree v. Edison Brother Stores, Inc.* (Missuri 1954) 270 S.W. 2nd. 117.)

Building Owner Liability

Mistaking a stair door for the lobby door of a building, an elderly woman fell down a steep flight of stairs to the basement and her neck was broken. The two doors were separated by a space of 30 inches of wall in the side of the office building, both doors were similar in appearance, neither door was clearly marked. Appellate court confirmed jury verdict in her favor. (*Held v. American Hotel Realty Corp.* (Pennsylvania 1954) 106 A.2nd. 582.)

Trends

in commerce

in industry

in finance

Leasing Is On the March

LEASING of plant and equipment is making steady progress, a study by the National Industrial Conference Board shows. Of 221 manufacturers, 71 reported they are renting more equipment and facilities than they did five years ago (See article by Frank K. Griesinger on page 13). Only seven companies showed decreased use.

Office equipment, warehouse, autos and trucks reported pronounced advance in leasing programs, especially in the two last-named items.

Toward the American Way

MORE and more countries are moving towards the American goals of living standards "but the rejection of American labels indicates that our selling techniques abroad need to be revised," says Dr. Ernest Dichter, president, Institute for Motivational Research, following a visit to several continents.

"The truest Americanism is to begin to think non-American and globally," Mr. Dichter argues.

You Takes Your Choice

WHETHER by reduced expenditures or increased taxes, a balanced budget for fiscal 1960 is essential, and "unless sensible decisions are arrived at soon, it threatens to get out of control" and impair confidence in the future value of the dollar, at home and abroad, says the economic policy commission of the American Bankers Association.

But will Congress listen?

With a Question Mark

FARM INCOME last year drew its most roseate picture since 1953, but the colors may be more subdued in 1959 though the dilution should not be more than 10 per cent, say the economists of the Federal Reserve Bank of Chicago. A reason for the conservative forecast is that the four factors contributing to the 1958 rise may not appear again in combination. Those factors were the unusual weather, the coincidence of cattle and hog production cycles, consumers' willingness to increase expenditures for food despite the recession, and the increased outlays of the government for soil bank and price support programs.

For the first three quarters of 1958 the total farm income grew to $13.1 billions, annual rate, and maintenance of that level was expected to show in final figures for the fourth quarter.

Poverty is not a disgrace, but it has nothing else in its favor.

—N. A. Rombe

Problems, More Problems

FEDERAL tax liens, interest rates, drive-in banks, and U.S. policy in Southeast Asia were among the topics aired at the Bank Study Conference of the Michigan Bankers Association, state banking department and University of Michigan.

Further checking of federal tax liens is needed, particularly where further advances are to be made and in cases of revolving credits and accounts receivable loans when payments are made and reborrowings follow, said Robert McKean, of Dickinson, Wright, Davis, McKean & Kudlip, Detroit.

Future intermediate and long-term interest rates may run at a higher level but would not rule out intervening short-run decreases in rates, said C. Richard Youngdahl, vice president, Aubrey G. Lanston & Co., New York.

Customers have profited from the services given by drive-in banks, night deposit boxes, bank-by-mail, and new electronic accounting devices, but they have widened the gap in human relationships of bank, customer and community, declared Robert Lindquist, vice president, Harris Trust and Savings Bank, Chicago.

A "miserable failure" was the judgment passed upon U.S. policy in Southeast Asia by K. C. Wu, former governor of Formosa. "American propaganda," he said, "should hit hard at the fact that Russian and Red Chinese gains have been made at the sacrifice of individual freedom and free elections."

A company is known by the men it keeps.

—N. A. Rombe

Would Remove Tax Penalty

ELIMINATION of the heavy income tax penalty paid by persons whose incomes vary widely from year to year, could be had without cost to the government, under a plan proposed by Carl Esenoff and Herbert Beckett, certified public accountants of San Diego, in an article in "The Journal of Taxation."

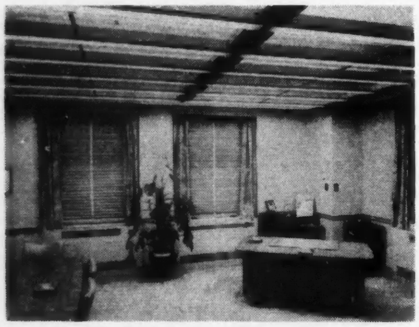
At present, a person with high income in one year is moved into very high brackets and left with little for his low-income years. Under the two CPAs' plan, a taxpayer would at any time be permitted to take any part of his current taxable income and buy government certificates which would be deductible from his income in that year. He could cash in any part of the certificates at will, taking the amount redeemed into taxable income (and paying tax on it in the year of redemption). The certificates would bear no interest.

Ernest A. Rovelstad

Modernizing the Office

New Equipment to Speed Production and Reduce Costs

Soft Color Lighting



551 Applicable to offices, stores, banks and other business locations, COLORCEIL high-level fluorescent lighting system of Silvray Lighting Inc. offers luminous ceiling color design in almost unlimited range, including white. Any desired level of lighting between 100 and 250-foot candles can be achieved, without glare or harsh contrast. Colorceil system uses either the GE Power Groove or high-output lamps placed on 24″ centers in individual fixture compartments; between compartments are panels of translucent plastic eggcrate louvers in white or pastel colors. System is easy to clean and maintain, hides all structural ceiling details, maker says.

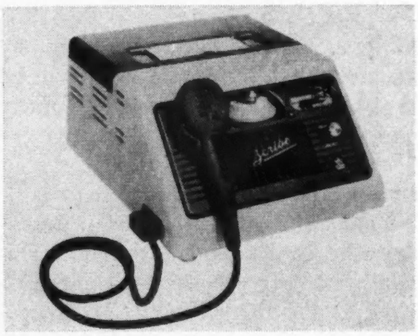
Card Record Desk

552 Modern design CARD RECORD DESK of Yawman & Erbe Manufacturing Company, Inc. features movable posting top which extends full 10″ beyond cabinet front, to bring tray and table operation together; lower overall cabinet height for

easier accessibility, greater width and depth. Seven-drawer model, designed for 5x3 cards, holds up to 94,000 cards in one cabinet. Five-drawer cabinet accommodates 5x3, 6x4, 8x5 and tabulating cards. Drawers of both models hold up to five cross-filing trays. Models available in decorator colors or premium finishes, with or without trays, also desk with cabinets attached to each side.

Miracle-Mike

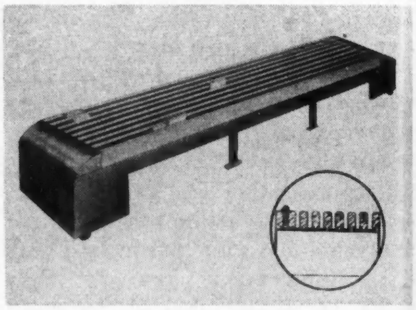
553 Advanced features of S.I. 50 fully automatic SCRIBE magnetic-tape recorder-transcriber dictation unit are: "Miracle Mike" with thumb-touch control for all operations contained in the microphone handle; 5″ Mylar magnetic tape



reel which is slipped on and off machine in seconds, never needs threading or handling by operator. One tape reel holds 30 min. to one hour of dictation and can be reused thousands of times, notes manufacturer, Scribe Internationale, div. of General Sintering Corp. The S.I. 50 shown measures 13x11x6½″, operates on normal electric current.

This Department will welcome opportunities to serve you by contacting manufacturers or wholesalers for further information regarding products described herein. Please address MODERNIZING, Credit & Financial Management, 229 Fourth Ave., New York 3.

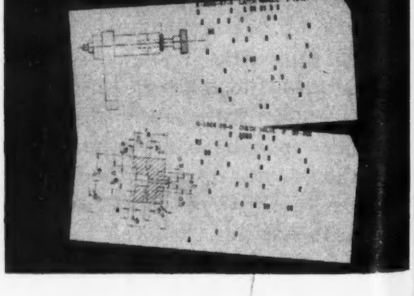
Office Conveyor



554 For handling of departmental and interdepartmental paperwork movements, the MERCURY OFFICE CONVEYOR moves individual forms and documents at any speed to meet specific requirements. The direction of each traveling belt can be changed and the position of the stops for removal of documents can be set for any point along the belt. For executives engaged in time study, systems and procedures, manufacturer Mercury Industries, Inc. offers free bulletin No. 500 containing detailed data.

Sensitized Tab Card

555 Sensitized standard size, 3¼″ x 7⅜″, diazo-coated tabulating cards for combining pictorial material with coded and punched data recently introduced by OZALID DIVISION, General Aniline & Film Corporation, may be employed in production control systems, pictorial language presentations, inventory procedures, personnel records or wherever visual items need to be used in a tabulating card system. Full details on request.

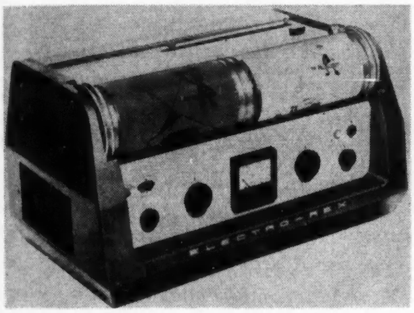


Rex-Rotary Machines

On page 29 of the December issue an illustration of the Rex-Rotary D-280 Duplicator was in error shown with the article on the company's Electro-Rex Electronic Stencil Cutter. Illustrated here with respective details are the two machines which, singly or combined in use, make possible printing-quality reproduction of a wide range of material.

Graphic Stencil Cutter

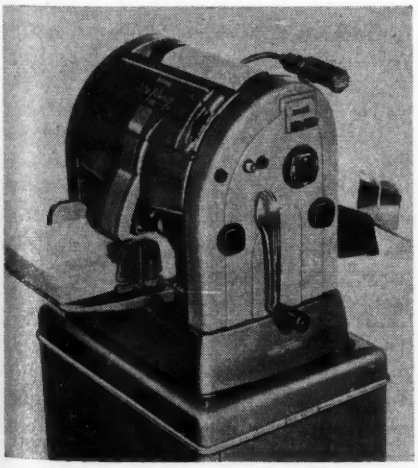
556 Pictures, graphs, diagrams, other graphic material can be printed on the office mimeograph or offset duplicator with the aid of



ELECTRO-REX Electronic Stencil Cutter of Rex-Rotary Distributing Corporation. The original may be drawing, office form, typed matter or screened photograph; original layout or clipping. Images picked up by Electro-Rex optical scanning system are transferred to a cutting stylus on the drum. Thousands of copies can be obtained.

Twin-Cylinder Duplicator

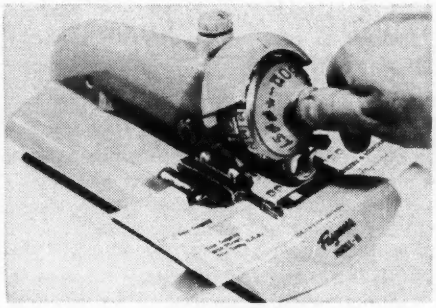
557 Improvements incorporated in the D-280 SERIES fully automatic Rex-Rotary twin-cylinder Duplicators include rubber ink distributing rollers, which save up to 35 per cent ink consumption as compared with cloth rollers and deliver higher quality printed copies, easily in-



serted sealed ink cartridge, dial setting for exact ink density and counter for required number of copies. New ink also may be used for certain qualities of coated stock. D-280 of Rex-Rotary Distributing Corp. prints to edges of paper to 8½" wide, also on index cards as small as 3x4".

Check Protector

558 FAYMUS MODEL H Check Protector and Check Writer performs



all operations of larger, more costly equipment, has no moving parts to wear or get out of line, says maker Faymus Div., Bankers & Merchants, Inc. Engraved brass numbers indelibly imprint and perforate check amounts, and deep embossing on check cannot be altered without detection, maker says. Clear sharp numbers can be printed with either single or double-character spacing. Device is easy to use, rubber-shod base promotes quiet operation, positioning guide permits perfect alignment of numbers on check.

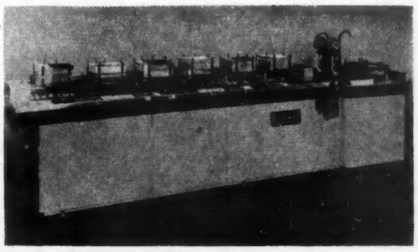
Sales Abroad Expand, Friden Dedicates Netherlands Plant

Sales of Friden, Inc. abroad for 1958 should total around $3.2 millions, according to Walter S. Johnson, president of the office equipment company, and it is anticipated overseas sales production by 1968 will hit the $40 million mark. Last October the company dedicated its second plant in the Netherlands.

"Despite the growing knowledge about automation, even of large-scale electronic computers by many who may never use them, many management officials remain in the dark about the amazing equipment available for adaptation to basic office tools such as calculators, adding machines and typewriters," R. E. Busher, vice president and general manager, told the press at a conference in New York City.

Booklet Machine

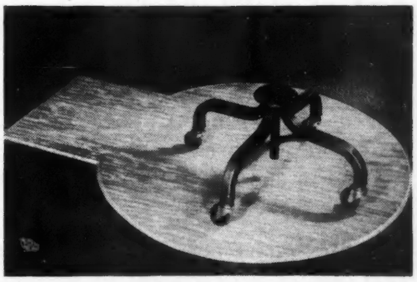
559 Completely automatic bookleting machine of PARNAT BUSINESS MACHINES CORP. can make all types of booklets, catalogs and magazines, in sizes ranging from 3x5" up to 9x12", either with single sheets of any type and weight of paper, or signature. Machine collates, saddle-stitches and folds in a single operation. Parnat unit is capable of being



adapted to as many stations as required and can produce up to 5,000 completed units per hour, says maker. Bottom delivery permits continuous loading without interrupting production.

Rainbow Choice

560 Practical new Under-Chair Mat, product of ACE LITE-STEP, is decorative as well, being offered in rainbow selection of colors—marbleized surface in walnut, gray, green, beige, or any of 22 other colors. Shown is 36"x48" round style. Rectangular model measures 36"x46".

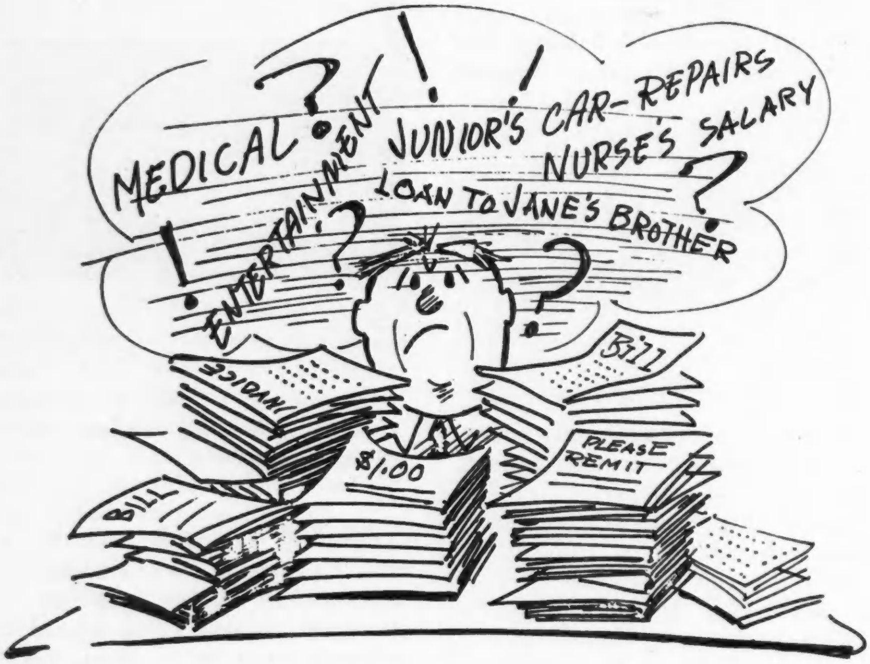


New Magazine Entry in Data Processing Field

Intended to serve all persons who have responsibility for planning and supervising the processing of data using automatically operated high-speed equipment, *Machine Accounting and Data Processing* made its bow with the charter November-December issue. Eugene F. Murphy is editor and Gille Associates, Inc., of 956 Maccabees Bldg., Detroit 2, Mich., is publisher of the bimonthly magazine.

Cheer Up! Some of Those Bills May Prove Income Tax-Saving Deductions

Don't groan whenever your wife or one of your children presents you with a bill. Some of these bills may turn out to be tax-saving deductions on your 1958 income tax return. Several familiar situations and the resulting tax benefits are explained here by the American Institute of Certified Public Accountants in cooperation with the Internal Revenue Service.



WHEN your son married last summer, you promised to help him financially while he completed his senior year in college. His wife worked during the year, but her income of $1,000 did not begin to cover their expenses. Your son, of course, had no income. Consequently, you had to provide more than half of their support. Even though your son is married, is it possible for you to claim him as a dependent on your tax return?

You certainly can. You may claim your son as a dependent as long as he is a full-time college student and you provide more than half of his support. No exemption may be claimed for the daughter-in-law. Watch out, however. Make sure that his wife files a separate return. If they should file a joint return, you lose the $600 exemption for your son. No doubt the dependency exemption will save you more tax than it would your daughter-in-law.

One of the raffle tickets you bought to help a local charitable organization contained the lucky number. You won a television set worth $300. Must you report the set as income on your tax return? If so, what is its value?

While the raffle ticket may have been forced on you, the government considers that you made an effort to win the prize when you opened your wallet. The fair market value of the television set ($300) must be reported as taxable income.

Under orders from the family doctor, you hired a full-time maid to help your wife while she recuperated from an operation. Most of her time was spent cleaning and cooking, but the maid did tend to your wife's needs while she was confined to bed. Can you deduct a part of the maid's wages as a medical expense?

Yes. You can deduct the cost to you in wages of any time the maid spent performing nursing services. It is often better to hire a practical nurse in such a situation, for it then becomes easier to explain the medical deduction for nursing services.

You finally gave in and bought your son a second-hand car for his 17th birthday. You put it in your name, but impressed upon him that it was his to take care of. A few months ago the car was demolished in an accident in which, fortunately, no one was hurt. Who may claim a deduction for the loss suffered as a result of the accident?

In this situation you get the deduction—it's actually your car. The measure of the deduction would be the change in fair market value. Presumably the car was smashed to bits; therefore, the fair market value before the accident would be the loss. If the car had been registered in the son's name, you would have been permitted no deduction.

For a while it seemed as if your daughter would need an operation. You had consultations with a number of doctors before you were sure her complaint did not require surgical care. Although several of the doctors did nothing more for your daughter than to give a quick examination—no drugs or treatment—can you deduct their fees as medical expenses?

Yes, you can. Whether the doctors prescribed any drugs or any form of treatment is not material for tax purposes. Your daughter went to the doctors for diagnosis, which is an ordinary medical expense. You can also deduct the cost of necessary transportation to receive medical care or treatment.

Last month you and your wife decided to pay off your social obligations by having a dinner party. Several of the guests you entertained were business friends. Are you permitted to deduct the cost of entertaining your business friends?

Since wining and dining your business friends was incidental to having the dinner party, no deduction would be allowed. The connection to your business is too slight.

Guides to Improve Executive Operation

KEEPING INFORMED

WHY YOUR STATE SHOULD ENACT THE REVISED UNIFORM COMMERCIAL CODE—92 page booklet, publication of the National Conference of Commissioners on Uniform State Laws, contains reprints of three articles presenting recommendations. Of the articles reproduced, one is by a Pennsylvania lawyer, another by a Massachusetts lawyer, and the third by the director of research of the Kentucky legislative research commission. Also included are excerpts from a report by the Massachusetts recess commission on the Uniform Commercial Code. Single copies available, no charge; write to William A. Schnader, of Schnader, Harrison, Segal & Lewis, 1719 Packard Bldg., Philadelphia 2, Pa.

INCOME TAX-OPEDIA—16-page booklet in light scriptographic style tells what every employee should know about federal income taxes, why the Government collects the tax, how to fill out forms, file returns. A simplified guide that can be distributed at the time W-2 forms are given out. Single copy 25 cents; discount on quantities. Available from Channing L. Bete Co., Inc., Greenfield, Mass.

FACT BOOK ON CERTIFIED LIGHTING FOR OFFICES—Intended for executives, office managers, supervisory personnel and others interested in correct standards of office lighting. Includes a Lighting Level Standards Table showing minimum footcandle requirements for offices, work and storage areas. Write to National Lighting Bureau, 155 East 44th St., New York 17, N.Y.

100 SUGGESTIONS FOR HIRING AND HOLDING HELP—6-page leaflet is a checklist of procedures: advertising, sources for personnel, indoctrination; in-plant facilities, benefits. Available from Manpower, Inc., 820 N. Plankinton Ave., Milwaukee 3, Wis.

Informative reports, pamphlets, circulars, etc., which may be of interest to you. Please write directly to the publisher for them. CREDIT AND FINANCIAL MANAGEMENT does not have copies available.

To expedite receiving booklets described below in this column, address all inquiries concerning Efficiency Tips to CREDIT AND FINANCIAL MANAGEMENT, 229 Fourth Ave., New York 3, N. Y.

EFFICIENCY TIPS

730—"Salary Savingram" circular sliderule gadget shows dollars-and-cents savings over the year in typists' salaries which can result from use of Sec-Tray Stationery Tray. Free, from Globe-Wernicke Co. Write us on your company letterhead.

731—"Snap-Jacks" device makes it possible to remove a specific filmed document from a roll of microfilm and insert it into any type of filing card with pre-cut aperture. Samples of Snap-Jack card and descriptive literature are offered by Remington Rand.

732—"Calendar Pad That Travels" for management and sales executives, is description given to Doolittle Co. Cal-A-Noter which provides space for daily notes for each week of year, plus folder for permanent listing of addresses, contacts, others.

733—Pocket Secretaries in line of Amsterdam Company include Style 509, which comes with washable saddle-finish plastic binding and a pen, and Style 670 with alligator cover. May be imprinted. Quantity prices.

734—Spot-Seal, coated kraft sheet when folded over provides neat, inexpensive method of wrapping semi-active record files for storage; no adhesives or fasteners required. Free trial roll offered by Sherman Paper Products Corp.

735—To acquaint accountants and others with their line of analysis sheets made of No-Glare bond, Accurate Analysis Pad Co. is offering a full pad free to all who write in on business letterhead.

736—Brochure explaining how Stenorette dictating machine can make office work go faster is offered by DeJur-Amsco Corp.

BOOK REVIEWS

SALE-LEASEBACKS AND LEASING IN REAL ESTATE AND EQUIPMENT TRANSACTIONS—By Harvey Greenfield, Attorney at Law, and Frank K. Griesinger, Assistant Treasurer. Lincoln Electric Co., Cleveland. 107 pages. $15.00. McGraw-Hill Book Co., Inc., 327 W. 41st St., New York 36, N.Y.

• Intelligent use of long-term credit in solving problems of facilities acquisition, replacement, and marketing problems, and analysis of how leasing should be examined in relation to financing alternatives are emphasized in this "Consultant Report" on sale-leasebacks and equipment leasing.

Business, tax, legal and accounting factors are presented in non-technical language, with case histories illustrating points covered.

The authors consider practical real estate problems facing both management and investors, outline advantages, disadvantages and characteristics of equipment leasing, rental-purchase plans, tax treatment of purchase option leases. They discuss the leasing of passenger cars, trucks and other specialized arrangements.

The widespread and growing importance of sale-leasebacks and equipment leasing in credit decisions makes a study of this report a practicable "must" for every executive whose duties touch this field of operation.

ALSO RECOMMENDED

MAKE YOUR INCOME COUNT—By Donald I. Rogers, business and financial editor, New York *Herald Tribune*. Emphasizing "the discipline necessary to achieve individual, self-acquired security," the author discusses saving with insurance, house purchasing, real estate profit, inflation, dollar averaging, investments, the importance of a will, realistic budgeting, retirement planning. 216 pages. $3.95. Henry Holt and Company, Inc., 383 Madison Ave., New York 17, N. Y.

Books reviewed or mentioned in this column are not available from CREDIT AND FINANCIAL MANAGEMENT unless so indicated. Please order from your bookstore or direct from the publisher.

Outstanding Messages from Noted Speakers In Store for All Attending Credit Congress

TEXAS is big, thinks big, does big. Dallas and members of the Dallas Wholesale Credit Managers' Association, true to traditions of their state, have the vision and the capacity to assure all that the 63rd Credit Congress May 3-7 will be a great achievement. This is attested by the array of plenary program speakers engaged to date.

Though the podium schedule is of course incomplete at this writing, individual speakers of national repute who will address the annual gathering of the National Association of Credit Management include authorities on a wide variety of moot subjects—the economy, banking, insurance, the American heritage, civic service, education.

Outstanding messages are in store from such leaders as Arthur A. Smith, vice president and economist of the First National Bank in Dallas; Louie E. Throgmorton, vice president and director of public services of the Republic National Life Insurance Company of Dallas; Dr. Kenneth McFarland, educational consultant for General Motors Corporation; and Robert Lee Thornton, former banker, whose administration of the mayoralty office has been indorsed by the Dallas electorate's vote for a $51,-800,000 capital improvement program.

James H. Donovan, president of the National Association of Credit Management, will officiate at the plenary and business sessions and at social events throughout the convention.

The host association members are eagerly looking forward to your visit, and Dallas knows well the art of extending the finest hospitality. The program committee emphasizes with rightful enthusiasm that from the addresses of the authorities mentioned and others being engaged, from the plenary discussion topics, and from the Industry Day forums, delegates will derive a host of ideas to take home and put to work in their local operations.

James H. Donovan

Ample opportunity will be given all, in the convention programming, to exchange case history solutions of challenging situations, after panel presentations at plenary gatherings, at the Industry Group sessions, and in the fellowship hours so important a part of Credit Congresses. This fulfills a main objective of the convention: bring together individuals with a common interest so that they may work together for a common good.

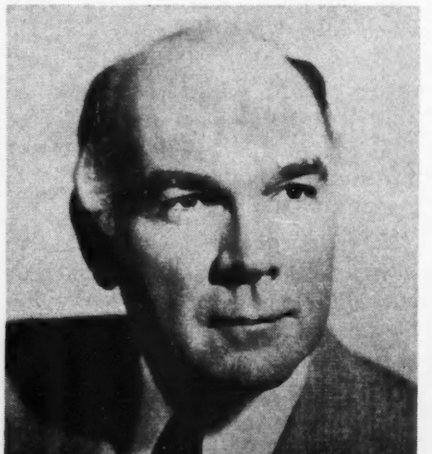
When the gavel sounds the opening of the first plenary session on Monday morning, Jess Irwin, budget director for the State of Texas, will welcome the assembled credit and financial executives on behalf of Governor Price Daniel.

The well-rounded program to follow promises much for all, both at the formal sessions and in the entertainment features, with special tours and other divertissements for the families of the delegates.

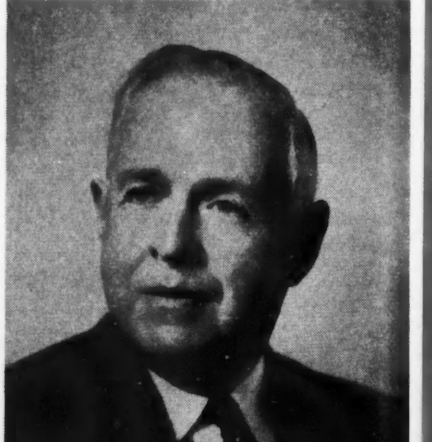
Foremost in the credo of President Donovan for successful credit operation is a dual emphasis on cooperation and integration with Sales and getting along with people through direct relationship with customers.

The assistant treasurer of Jones & Laughlin Steel Corporation, Pitts-

Arthur A. Smith



Dr. Kenneth McFarland



Louie E. Throgmorton

burgh, began his business career in the credit department of Pittsburgh Gage and Supply Company. Joining the Pittsburgh Lumbermans Club as manager of credit and property reporting service, he was promoted to executive manager. Starting in January 1928 he served for almost two years as secretary-manager of the Connecticut Association of Credit Men. In November 1929 he joined Jones & Laughlin as assistant to the credit manager, and was credit manager when advanced to the position he now holds.

Arthur A. Smith, widely known as a lecturer, had been professor of economics in charge of that department at Southern Methodist University before becoming associated with the First National Bank in Dallas in June 1950.

He has been business and research consultant for various companies, instructor in the American Institute of Banking and lecturer at a number of banking conferences and schools in the south and west, also member of the board of the Greater Dallas Planning Council.

In the life insurance business 30 years, Louie E. Throgmorton had been general agent for Aetna Life Insurance Company at Shreveport before joining Republic National.

Mr. Throgmorton, who will address the Credit Congress on "High Living on a Low Income," is much in demand as a speaker before civic and business organizations. He is vice president of the South and East Dallas Chamber of Commerce, a past president of the Shreveport Kiwanis Club, a trustee of Washington Pilgrimage, Inc.

Dr. Kenneth McFarland, addressing the convention as a courtesy of General Motors, is recognized nationally as an educator. The trade school he designed and built at Coffeyville, Kan., bears his name. With a Ph.D. degree from Stanford University he was a school executive for 24 years.

Businessman, farmer and stock raiser, church and civic leader, personnel consultant and public relations counsellor, Dr. McFarland formerly served as guest lecturer for "The Reader's Digest."

The National Sales Executives Clubs in 1957 named him America's Outstanding Salesman and he was dubbed "America's Number One

Mayor R. L. Thornton

Speaker" in a U. S. Chamber of Commerce survey.

Mayor Thornton, who began as a clerk in a country store, was for 30 years president of the Mercantile National Bank which he had organized in 1916 under the name Stiles, Thornton & Lund, becoming chairman in 1947.

In his three terms as mayor he is credited with having brought more than $50 millions in public improvements to Dallas. He is in his 14th term as president of the State Fair of Texas. He promoted Dallas as the center of the Texas Centennial Celebration in 1936.

Kohlik Heads New Service of Foreign Credit Interchange

George Kohlik, Ph.D., who specialized in law and economics, especially in foreign trade and international finance, has joined the staff of the Foreign Credit Interchange Bureau, NACM, and heads a new service of FCIB. The service, on a fee basis, includes special foreign credit reports, surveys of lines of credit and payment experiences, studies of foreign collections, credit and finance.

Dr. Kohlik, who speaks a number of languages, has had wide experience in commerce and government as market analyst, trade consultant, statistician and economist.

"You must have long-range goals to keep you from being frustrated by short-range failures."
—Charles C. Noble

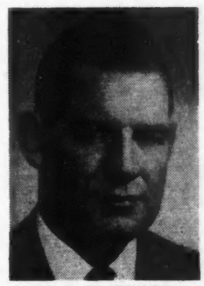
Rocky Mountain Unit Wins Public Relations Attention

Organized credit won imposing attention in the Sunday Denver *Post*—a two-column heading and three columns of type—when Willard Hasenbush, business news editor, interviewed James B. McKelvy, secretary-manager of the Rocky Mountain Association of Credit Men, on the association's services to small business.

In this public relations attention Mr. McKelvy cited case histories showing how the association had helped accounts not only to avoid bankruptcy but even to double their business.

J. L. Spafford Named by Associated Credit Bureaus

John L. Spafford has been appointed executive vice president, Associated Credit Bureaus of America Inc., St. Louis, to succeed the late Harold A. Wallace. Prior to his new appointment Mr. Spafford served as assistant general manager and assistant treasurer. He began with the association's executive staff in 1946 as manager of the collection service division, advancing to assistant general manager in 1951, to assistant treasurer five years later.



J. L. SPAFFORD

Otto H. Lanfersieck, formerly secretary, has been named secretary-treasurer of the association.

Britons Ask FCIB to Conduct Round Table at Conference

The Foreign Credit Interchange Bureau, NACM, has been invited by several British trade organizations to conduct a Round Table discussion and to participate in a seminar and conference on international credit and finance in London. The gathering is tentatively set for August 10-11.

James B. Husted, Bureau chairman, reported a charter flight via scheduled airline had been suggested, to leave New York Saturday, August 8th, and return from London August 22nd. Only FCIB members and wives would qualify for the trip.

Four Clinics and Panel Discussions Feature Petroleum Credit Conference

AMERICAN PETROLEUM CREDIT ASSOCIATION Officers and Directors, 1959, at meeting in Atlanta—Seated (l to r): J. R. GRAMONT, Standard Oil Co. of Calif., Western Operations, Inc., Los Angeles, regional vice president; F. L. DRAKE, Socony Mobile Oil Co., Inc., New York, immediate past president; W. H. MONTGOMERY, The Pure Oil Co., Chicago, president; S. J. HAIDER, NACM., St. Louis, secretary; W. J. HABKIRK, British American Oil Co., Ltd., Toronto, vice president; M. E. BRUCE, Humble Oil & Refining Co., Houston, regional vice president.
Standing (l to r): A. I. RICHARDSON, Sun Oil Co., Philadelphia; JAMES V. McLAUGHLIN, American Mineral Spirits Co., Murray Hill, N.J.; G. J. TIMONE, The American Oil Co., New York, regional vice president; JOHN E. SEIBERT, The California Oil Co., Perth Amboy; DEWEY WALKER, D-X Sunray Oil Co., Tulsa; G. A. SOUTHARD, The Ohio Oil Co., Findlay; W. H. SWATZEL, Phillips Petroleum Co., Bartlesville; H. W. DUGDALE, Shell Oil Co., Detroit. Not in the picture: Robert C. Utley, Aurora Gasoline Co., Detroit, Mich., elected treasurer of the association.

FOUR credit clinics and a panel discussion on personnel and customer relations which had as moderator J. Allen Walker, Standard Oil Company of California, San Francisco, immediate past president of the National Association of Credit Management, emphasized practical day-to-day applications for executives attending the 34th annual conference of the American Petroleum Credit Association, in Atlanta.

Banker Discusses Economy

Speakers the first day of the three-day conference were Edward D. Smith, president, First National Bank of Atlanta, who discussed the industry and economy of the Southeast, and N. R. Johnson, Atlanta agent in charge, Federal Bureau of Investigation, whose topic was the fraudulent use of credit cards. Leo Aikman, associate editor, Atlanta *Journal-Constitution*, was luncheon speaker at the first day's session presided over by APCA president F. L. Drake, of Socony Mobil Oil Company, New York.

"Personnel Training and Development" was the topic of the first credit clinic, chaired by E. W. Taylor, Shell Oil Company, New York, on Monday afternoon. "Dealer, Distributor and Jobber Credit," the second of the afternoon's clinics, had as chairman H. W. Dugdale, Shell Oil Company, Detroit.

The second day's session, presided over by W. J. Habkirk, British-American Oil Company Ltd., Toronto, regional vice president APCA, heard a talk on industrial development of the region by Ivan Allen, Jr., president, Ivan Allen Company, Atlanta. "Personnel and Customer Relations," panel with Mr. Walker as moderator, had as members: D. E. Burroughs, Shell Oil Company, New York; F. J. Hutchings, Esso Standard Oil Company, New York; M. V. Johnston, Gulf Oil Corporation, Pittsburgh, and E. P. Simmons, Magnolia Petroleum Company, Dallas. "Public Relations Is Your Business" was the topic of Clarence N. Walker, executive staff representative, The Coca-Cola Company, Atlanta, at the Tuesday luncheon presided over by R. W. Vanden Heuvel, Shell Oil Company, San Francisco, regional vice president of APCA.

"Credit Cards" and "Trends in Receivables" were subjects of the Tuesday clinics, chaired respectively by R. J. Walerius, The Pure Oil Company, Chicago, and W. J. Habkirk. A panel and open forum discussion, "Fuel Oil Jobber Financing," feature of the Wednesday morning session, had Stuart G. Steiner, Gulf Oil Corporation, New York, as moderator, and panel members F. Raymond Kraemer, Mineola, N.Y., and H. D. Van Tassel, Esso Standard Oil Company, Pelham, N.Y. Dewey Walker, D-X Sunray Oil Company, Tulsa, regional vice president APCA, presided.

Montgomery New President

W. H. Montgomery, The Pure Oil Company, Chicago, was elected president of the association. Other officers elected at the meeting: W. J. Habkirk, British-American Oil Company Ltd., Toronto, vice president; Martin E. Bruce, Humble Oil & Refining Company, Houston; J. R. Gramont, Standard Oil Company of California, Western Operations, Inc., Los Angeles, and G. J. Timone, The American Oil Company, New York, regional vice presidents; Robert C. Utley, Aurora Gasoline Company, Detroit, treasurer; and S. J. Haider, vice president, National Association of Credit Management, as secretary. The 35th annual conference of the association will be held in Minneapolis.

Buying cheap merchandise to save money is like stopping the clock to save time.

—Anonymous

E. F. Gee Wins Robert Morris Award for Loan Article

"Eleven Rules for Loan Officers," designated "best original article written by a member for publication in their magazine," won for Edward F. Gee, vice president and secretary, State-Planters Bank of Commerce and Trusts, Richmond, Va., the Carolina-Virginias Raymond Duning Award of Robert Morris Associates.

E. F. GEE

Mr. Gee recently was named to the board of Overnite Transportation Company, first time a director has been chosen from outside management.

A past president of the American Institute of Banking, Richmond chapter, and university instructor and lecturer, Mr. Gee had the unusual distinction of serving concurrently as president of the Richmond Association of Credit Men (1954-55) and of Robert Morris Associates.

REGISTERING the alumni were (l to r): Warren T. Whitley, American Smelting & Refining Co., New York; Doris H. Sadowski (seated), registrar, Graduate School of Credit and Financial Management, New York; Alden C. Hewett, American Coal Co., Hartford, Conn.; Robert W. Sprenger, Johnson & Johnson, New Brunswick, N. J.; Paul E. George (standing front), Columbian Rope Co., Auburn, N. Y.; faculty member at Dartmouth.

44 NACM Graduate School Alumni and Students Resume Annual Dinner Fest

AT THE ALUMNI DINNER. Front row (l to r): Caleb F. Fox, III, Fidelity-Philadelphia Trust Co., Philadelphia; William P. Layton, educational director, NACM'S Credit Research Foundation and Graduate School of Credit and Financial Management; Earl N. Felio, Colgate-Palmolive Co., Foundation president; C. Houghton Birdsall, Jr., Chemical Corn Exchange Bank, past president, Alumni Association. Back row: Wesley H. Newhouse, Fidelity-Philadelphia Trust Co.; Percy C. Hunt, Cannon Mills, Inc., New York; Theodore M. Sherman, Thompson Ramo Woolridge, Inc., Cleveland and David W. Lewis, Bankers Trust Co., New York.

FORTY-FOUR graduates and students of the Graduate School of Credit and Financial Management, NACM, participated in resumption of the annual Alumni Dinner, held in New York. All Dartmouth College graduating classes since that of 1952 were represented. Also attending was a number of members of current classes and enrollees who will begin their first year courses at Dartmouth this summer.

Special guest at the informal gathering was the president of Credit Research Foundation, Inc., Earl N. Felio, treasurer, assistant secretary, general credit manager and director of Colgate-Palmolive Company, and a director of National.

William P. Layton, educational director, NACM, outlining some of the latest activities of the Graduate School, announced that for the first time a scholarship will be given to cover tuition of a registrant of the school. Information concerning applications for the scholarship will be announced soon.

Registrations for the 1959 session are ahead of the total of the same date last year.

Brief talks were made by C. Houghton Birdsall, Jr., (Class of '55), asst. vice president, Chemical Corn Exchange Bank, New York, past president of the Alumni Association, and Paul E. George, assistant to the president, Columbian Rope Co., Auburn, N. Y. Mr. George teaches courses on management policies and functions, and development of executive abilities, at the NACM Graduate School at Dartmouth.

Attending the dinner were the following graduates and students (New York unless otherwise stated). Dartmouth class follows name.

Leo Chestman (D 1956), Blum Folding Paper Box Co.; R. L. Krause ('60), Standard Financial Corp.; John Mall ('59), Chemical Corn Exchange Bank; Percy Hunt ('57), Cannon Mills; A. C. Hewett ('53), American Coal Co., Hartford; D. W. Lewis ('57) and J. B. Nelson ('61), Bankers Trust Co.; Melvin Rubenstein ('55), Rosenthal & Rosenthal; C. H. Birdsall ('55), Chemical Corn Exchange Bank; W. T. Whitley ('56), American Smelting & Refining Co.; W. C. Link ('54), The Westfield Mfg. Co., Westfield, Mass.; D. T. Hopper ('58), ACF Industries;

Stuart McCarty ('60), The Hanover Bank; R. E. Sprenger ('56) and H. W. Spahn ('61), Johnson & Johnson, New Brunswick, N.J.; J. H. Barnes ('56), Recordak Corp.; J. N. Miller ('57) and J. H. Donaldson ('60), Union Carbide Corp.; R. J. Kent ('60), McKesson & Robbins; V. E. Starke ('60), Union Bag-Camp Paper Co.; P. E. George ('53) (faculty), Columbian Rope Co., Auburn, N.Y.; C. E. Fox III ('57) and Wesley Newhouse ('57) of Fidelity-Philadelphia Trust Co., Philadelphia; W. E. Flinch ('60), Chemical Corn Exchange Bank; R. V. Whelan ('56), C. H. Hebrank ('59), R. A. Harris ('59), W. Q. Harty ('61), C. C. McCracken ('61) and A. B. Brackenridge ('60), all of Guaranty Trust Co. of New York;

H. F. Anderson ('58), J. J. Ryan ('57) and J. T. Connaughton ('60), all of First National City Bank of New York; E. H. Winsch ('54), Allied Building Credits; A. H. Mathewson ('53), Burlington Industries; W. J. Dickson (honorary '58), General Electric Co.; T. M. Sherman ('57), Thompson Ramo Woolridge Inc., Cleveland; J. B. Funk ('52), Textile Banking Co.; H. J. Kneuker ('54), American Machine & Foundry Co.

Also attending were John F. Neary, George P. Laine and Mrs. Doris Sadowski of the CRF staff.

Moran Shows New Levels for Credit
At Nine-State Birmingham Conference

Life is too short to be little.

—Anonymous

EDWIN B. MORAN, executive vice president, National Association of Credit Management, principal speaker at the Southeastern Credit Conference, in Birmingham, appraised our position in a growing credit world, stressed the growth concept of credit management, pointed out avenues to new levels for credit. The NACM executive, together with a battery of specialists from diverse fields, at the three-day session did a thorough going-over of sensitive spots in the economy and weighed current and future trends.

Placing a share of blame for the recession on the administration's "restrictive money policy," while conceding that "federal monetary policy cannot in and of itself do the job of preventing costly recessions," Rep. George Huddleston, Jr., Congressman from Alabama, asserted that "various fiscal measures can be made to provide sounder economic climate and help adapt the economy to changing conditions."

F. M. Battle, credit and office manager, General Steel Tank Company, Birmingham, president of the host Alabama Association of Credit Executives, opened the three-day session. Mayor James W. Morgan, of the City of Birmingham, welcomed the conferees from Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Arkansas and Louisiana. J. A. Monier, Jr., credit manager, Wesson Oil & Snowdrift Sales Company, New Orleans, vice president of southern division, National Association of Credit Management, responded.

Banquet speaker Warren Foster, of The Coca-Cola Company, Atlanta, titled his talk "People Are Just Folks." Warren Whitney, vice president, James B. Clow & Sons, Birmingham, in a talk titled "Solutions for Problems That Don't Exist," followed a panel discussion of "Current Credit Action in Four Fields," which had as moderator T. Grady Phillips, credit manager, Birmingham Paper Company. Panelists were Alton P. Barr, executive vice president, Exchange-Security Bank; James D. Collins, sales manager, Birmingham Stove & Range Company; Searcy H. Johnson, Jr., vice president and secretary, Moore-Handley Hardware Company; and Garry Smith, assistant secretary and office manager, Daniel Construction Company, Inc. of Alabama, all of Birmingham.

Paul F. Halloran, resident partner, Lybrand, Ross Bros. & Montgomery, spoke on "Pertinent Disclosures to Financial Statements." Lt. Col. Ernest W. Ewbank, assistant commandant, U.S. Army Guided Missile School, exhibited models of rockets developed at Redstone Arsenal and discussed guided missile developments.

Ralph O. Culver, vice president, Scale Lumber Company, Birmingham, chaired the second general business session on Friday which had as speakers: W. S. Wilson, assistant secretary-treasurer, U.S. Pipe and Foundry Company, who discussed "Interchange on the National Level," and Ned M. French, treasurer, McDonald Bros. Company, Memphis, national director, whose topic was the 1959 convention. Conferees toured the steel plants of Tennessee Coal & Iron Division of United States Steel Corporation, on Thursday afternoon.

Six Industry Groups held simultaneous sessions on the third day of the conference. Chairmen and their Groups were: Advertising, Graphic Arts, Fine Paper, Printers Supply—T. Grady Phillips, The Birmingham Paper Company; Banking, Finance and Loans—William E. Shine, Jr., The First National Bank of Birmingham; Building Materials, Industrial, Electric Supplies, Paint, Plumbing—Walter L. Chapman, Connors Steel Div., H. K. Porter Company; Food, Drugs, Confectionery, Tobacco—Morton W. Goldberg, Home Provision Company; Petroleum Products, Tires, Auto Accessories, Automotive—Glen Hill, The Birmingham News; Textiles, Hardware, Major Appliances, Television, Furniture—A. P. Finch, Jr., First National Bank of Birmingham. George Jones is secretary-manager of the Alabama Association of Credit Executives, Birmingham.

Post Convention Trip to Mexico

BECAUSE MEXICO is such a short distance from Dallas, many inquiries are being received from members who will attend the National Association of Credit Management Convention in Dallas, May 3-7, regarding the possibilities of a POST-CONVENTION TRIP TO MEXICO immediately following adjournment of the Credit Congress.

In response to these popular requests, three All Expense Tours to Mexico have been arranged. These vary in cost, depending on time and mode of transportation desired—

TOUR #1—by bus and train (7 days) $119.00 per person
TOUR #2—by bus and train (8 days) $145.00 per person
TOUR #3—by plane (American and Braniff Airlines) (7 days) $198.70 per person

Tour #1 includes Mexico City, Cuernavaca, Taxco.
Tours #2 and 3 include Mexico City, Cuernavaca, Taxco, Acapulco.

Sightseeing and special side trips from all points have also been arranged, including the Bull Fights, Floating Gardens of Xochimilco, Chapultepec Park, Flower Market, Glassblowing Factory, National Palace, Metropolitan Cathedral, fabulous University City, The Pyramids, Shrine of Our Lady of Guadalupe, Monasteries, and dozens more interesting sights and places in and out of Mexico City, Taxco and Acapulco.

If interested, contact the Secretary of your local Credit Association, who has a detailed outline of all three tours. Or, if you prefer, write De Lara Tours, Niza 50, Mexico City, Mexico.

Widening Credit Horizon Brings Call for More Training, Says Donovan at Ohio Valley Meeting

The credit management field is one of "ever-enlarging methods and procedures" and "more and more attention is being given to the need for training people in credit management," James H. Donovan, assistant treasurer, Jones & Laughlin Steel Corporation, Pittsburgh, speaker at the Ohio Valley Regional Credit Conference, in Dayton, was quoted in an interview by Doc Fisher, business editor of the Dayton *News.*

"The National Institute of Credit, affiliated with NACM, is a leader in this training, in conjunction with various colleges and universities," noted editor Fisher in quoting Mr. Donovan.

"Credit Paves the Way"

"Credit Paves the Way for Better Selling and Better Living" was theme of the two-day conference which brought together more than 300 executives from Ohio, western Pennsylvania, West Virginia, Kentucky, eastern Michigan.

"International trade is a two-way street; we must import if we wish to export," Philip J. Gray, secretary and assistant executive manager, NACM, and director of its foreign department, told the executives at the Friday luncheon, in his talk titled "We Are All in Foreign Trade." The Department of Commerce estimates that 4.5 million American jobs depend on U. S. export-import trade, he said.

Pointing out "the importance of international trade to the State of Ohio and to the country as a whole," Mr. Gray noted that Ohio in 1957 accounted for some $1 billion of total U. S. exports of $20 billions. Of $1,221,344,000 in U. S. sales to Japan in 1957, the U. S.-Japan Council has noted that the east central states of Ohio, Indiana, Illinois, Michigan and Wisconsin comprised the leading region supplying Japan's purchase of U. S. goods.

In 1957 total imports of the United States were approximately $13 billions, while international trade volume for the entire world aggregated $100 billions. "The only justification for our exports is in payment of these imports," Mr. Gray told the executives in Dayton.

Dr. Thomas J. Hailstones, director business administration program, Xavier University, Cincinnati, at the first day's afternoon session discussed the economic outlook. "Are You Sitting on Your Ideas?" was the combustible title of a talk by Dr. G. Herbert True, associate professor of marketing, Notre Dame University. "Guideposts for the Credit Manager" were pointed out by Norbert S. House, treasurer, Howard Zink Corporation, Fremont, Ohio. Glen Massman, Glen Massman Associates, Dayton, opening session speaker, titled his talk "It's Your Future—What About It?" Earl L. Monnin, Srepco, Inc., Dayton, past president of the host association, gave the Group Sessions report.

Industry Groups' Speakers

Industry Group speakers and panelists were:

1. *Meat, Food, Wholesale Grocers, Drugs, Tobacco*—chairman Jack C. Marsh, Braun Bros. Packing Co., Troy, O.; panelists Roy Stone, secretary, American Meat Institute, Chicago; J. R. Leister, executive manager, Credit Association of Northwestern Ohio, Toledo; A. Solomon, treasurer, Sucher Packing Co., Dayton.

2. *Construction Materials, Plumbing and Heating, Electrical Supplies, Hardware, Paint and Glass*—chairman Robert H. Behm, George Behm & Sons Co., Dayton; panelists J. A. Healey, vice president-sales and advertising, Formica Corp., Cincinnati; E. W. Kimerling, manager collections and adjustments, Dayton Association of Credit Men; Thomas B. Talbot, attorney, Dayton, and Tom Lupinske, treasurer, Dayton Builders Supply Co.

3. *Steel Warehouse and Industrial Suppliers*—chairman John Caldwell, Armco Steel Corp., Middletown, O.; panelists E. J. Keller, assistant treasurer, Jones & Laughlin Steel Corp., warehouse div., Indianapolis; W. L. Sandston, economics analyst, Armco Steel Corp., Middletown; T. D. McElroy, division credit manager, National Supply Co., Spang-Chalfant Div., Pittsburgh; moderator Lawrence McAfee, manager, Peninsular Steel Co., Dayton.

4. *Radio, Television, Electronics and Appliances*—chairman Earl R. Clark, Allied Supply Co., Dayton; panelists M. H. Anderson, dist. finance manager, Graybar Electric Co., Cincinnati; John C. Deis, secretary-treasurer, Duellman Electric Co., Dayton; L. F. Garlock, asst. vice president, Winters National Bank & Trust Co., Dayton; C. H. Moellenberg, secretary, McGranahan Dist. Co., Toledo; J. R. McMahill, district credit manager, General Electric Supply Co., Cincinnati; moderator A. D. Ackerman, A. D. Ackerman & Associates, Dayton.

5. *Manufacturers and General Industries*—chairman Alan B. Sipe, credit manager, Master Electric Co., Dayton; speaker Charles Whalen, member Ohio House of Representatives and professor of finance, U. of Dayton; moderator Harry H. Bechtol, Robbins & Myers, Inc., Springfield, O.

6. *Public Utilities*—chairman Carl Hammel, Dayton Power & Light Co. Session included general discussion and tour of revenue accounting, machine accounting and collection departments of the Dayton Power & Light Co.'s new office building.

7. *Banks, Accountants, Other Financial Institutions* — chairman Charles F. Hoffman, Third National Bank & Trust Co., Dayton; panelists Fred O. Kiel, senior economist, Federal Reserve Bank, Cleveland; Charles Perkins, CPA, Arnold, Hawk & Cuthbertson, Dayton; Al Goodman, Winters National Bank & Trust Co., Dayton. Mr. Hoffman was moderator.

D. L. Aurand is secretary of the Dayton association.

GUEST SPEAKER ***at the banquet of the Midwest Credit Women's Conference in Minneapolis was Dr. Joyce Brothers (center), psychologist and author. Left to right: S. J. Haider, NACM vice president; Dr. Brothers, and Mrs. Georgie M. Anderson, vice president of the Minneapolis unit.***

Business Led in Maintaining Personal Income, Upgren Tells Midwest Women

THE outstanding fact of the recent recession, "shortest and most severe of the three since World War II," was the minimal decline of $2.1 billions (8/10ths of 1 per cent) in total consumption, Arthur R. Upgren, Frederic R. Bigelow professor of economics, Macalester College, St. Paul, told the Midwest Credit Women's Conference, in Minneapolis. The Minneapolis Wholesale Credit Women were hosts to the 253 registrants, representing 24 of the 57 Credit Women's Groups of the National Association of Credit Management, and setting an attendance record for the 18 annual conferences.

Guest speakers also included Dr. Walter Judd, U. S. Representative; Dr. Joyce Brothers, psychologist and author; Mrs. Ernestine Gilbreth Carey, co-author of "Cheaper by the Dozen"; and Justin O'Connell, publications editor, Minneapolis Honeywell Regulator Company.

Haider Speaks on "Woman Power"

S. J. Haider, NACM vice president and former secretary of the Credit & Financial Management Association, Minneapolis, spoke on "Woman Power" at the first general session, after welcomes to the delegates by Mrs. Orville L. Freeman, wife of Minnesota's governor; Mrs. Harriet L. Modeen, president of the Minneapolis Credit Women; J. E. Remington, heading the Minneapolis association, Rubert Lindholm, secretary-treasurer, and response by Mrs. Loretta Johnston, chairman, National Credit Women's Executive Committee.

"The forces which intervened to cut the $19.8 billion decline in Gross National Product down to a $2.1 billion decline in total consumption", said Dr. Upgren, formerly on the faculty of NACM's Graduate School of Credit and Financial Management at Dartmouth, "originated in business, in our tax system, in government and in family decisions."

"The greatest force of all for maintaining personal income was business though little credit is given to business for this. What business did was to hold its total expenses $12.5 billions above its total sales or receipts. Business held up wage payment totals better than its own revenues held up".

Mrs. Carey was guest speaker at the Saturday luncheon, her topic "Rings Around Us." At the afternoon session Mr. O'Connell discussed "Speaking on Paper". Dr. Judd, an authority on Far East economics and politics, answered questions on "Is It War or Peace in the Pacific?"

Mrs. Georgie M. Anderson, treasurer of Chas. W. Stone Co. and vice president of the Minneapolis association, introduced the banquet speaker, Dr. Brothers, who had as her topic "Unlocking Your Mental Powers".

Miss Marie Ferguson, secretary-treasurer, National Credit Women's Executive Committee, addressing the "brunch" session Sunday morning, emphasized the importance of attendance at local and regional association meetings. Reports were presented by the four national committee vice presidents: Opal Stemmer, Oklahoma City, on education; Eleanor Cooper, Washington, Pa., membership; Mildred McCall, Chicago, publicity; and Altha Sethaler, Denver, on program stimulation.

When a man thinks he is important, he should ask what the world would miss if he were gone.
—Anonymous

RECEIVING the first Associate Award in the Dayton area from the National Institute of Credit, in cooperation with the Dayton Association of Credit Men, were two graduates of Sinclair College: Ray Johns (right) and Glen Paine (center). Both are in the credit department of Chrysler Corp., Airtemp Division. Presentation was by Herb Zechar (Sinclair '39), instructor in credit courses of the evening school, at a joint dinner meeting with the Dayton Credit Women's Group.

Stanley Elmer New Chairman Of Electrical Manufacturers

Stanley Elmer, Columbia Cable & Electric Co., is the new chairman of the National Electrical Manufacturers Credit Group, New York Credit Interchange Bureau of the National Association of Credit Management.

STANLEY ELMER

Thomas F. O'Donnell, Federal Pacific Electric Co., is vice chairman. The committeemen are Bernard Gilligan, Ward Leonard Electric Co.; Kenneth W. Grace, Edwards Co., and Alva Stewart, General Cable Corp.

Wilke Reelected Chairman of National Feed Credit Group

Milton H. Wilke, assistant director, Central Division, Hales & Hunter Company, Chicago, has been reelected chairman of the National Feed Credit Group.

M. H. WILKE

The Group, serviced by the Chicago Association of Credit Men, was organized in 1952, with 12 member companies, to develop better understanding and solution of their credit and financial problems.

The membership now has expanded to 21 companies in various parts of the country. They meet six times a year, including a day at the annual Credit Congress.

Profit Improvement Ahead But Inflation Rears Head

While a majority of 189 manufacturing companies surveyed by the National Industrial Conference Board were predicting improved totals in new orders, dollar billings, production and profits in the first half of this year, 15 economists in a board forum called inflation a continuingly serious problem in long-run prospects.

Some manufacturers were cautious in their optimism over the general economy; some pinned their forecasts of improvement to anti-recessionary programs their companies have adopted.

***BURNING THE MORTGAGE** in a copper urn, officers of the New Orleans Credit Men's Association signalize the completion of ownership of the building at 633 Carondelet Street. (L to R) J. A. Monier, Jr., NACM vice president, Southern Division, and former head of the New Orleans organization; James G. Gibbons, past president; Blaine Gregory, director, and G. Albert Knesel, president.*

New Orleans Unit Fetes Paying Off Building Mortgage Four Years Early

Paying off its note four years ahead of schedule, the New Orleans Credit Men's Association observed consummation of its building program with a mortgage-burning celebration in the office at 633 Carondelet street. The building with improvements cost the association $50,000.

The association, on purchasing the structure in September 1955, had borrowed $15,000 amortized monthly for a period of six years, the final payment to become due in September 1961. The note was paid off in full in December 1957. There were 145 in attendance at the November ceremony.

Originally incorporated April 7, 1896, the year the National Association was born, the New Orleans association reorganized and incorporated Jan. 5, 1907. The new corporation had its first board of directors meeting two days later.

Among the letters of congratulations at the ceremony was one to Fred L. Lozes, secretary-treasurer, from W. H. Trappey, of B. F. Trappey's Sons, Inc., New Iberia, La., recalling the many years of service from the association.

It's the quick thinkers who become leaders—he who hesitates is bossed.
—Anonymous

Leasing of Equipment Rises 26 Per Cent in Past Year

Volume of equipment on lease totaled $227 millions in 1958 despite the recession, an increase of 26 per cent over the $180 millions of 1957, says Robert Sheridan, president of Nationwide Leasing Company, Chicago. Not included: autos, trucks, buildings, real estate.

Five reasons given by Mr. Sheridan for the increased leasing were: profit-producing equipment put to work without capital investment, growing volume of government work, rapid rate of obsolescence, use of leasing as a primary sales tool by equipment manufacturers, and greater use of sale-leaseback of existing equipment to augment working capital.

CALENDAR OF EVENTS IMPORTANT TO CREDIT

CARMEL-BY-THE-SEA, CALIFORNIA
January 22-24
California Credit Management Workshop.

DAYTON, OHIO
January 28
Third Annual Credit Conference sponsored jointly by Dayton Association of Credit Men, Dayton Credit Women's Club, and University of Dayton.

SAN FRANCISCO, CALIFORNIA
January 29
Small Business Administration Forum

CHICAGO, ILLINOIS
February 20
20th Annual Midwest Food & Allied Lines Credit Conference

LOUISVILLE, KENTUCKY
February 26
Louisville Credit Conference on "Sources and Use of Credit Information" and "Counseling Our Customers"

TACOMA, WASHINGTON
March 19-20
Conference of the Credit Executives of the Pacific Northwest, including Idaho, Oregon, Washington, and British Columbia.

DALLAS, TEXAS
May 3-7
63rd Annual Credit Congress

GRAND RAPIDS, MICHIGAN
September 24-25
Great Lakes Regional Credit Conference, including Illinois, Indiana, Michigan and Wisconsin

OMAHA, NEBRASKA
October 14-16
Tri-State Credit Conference, representing Iowa, Nebraska and South Dakota

SYRACUSE, NEW YORK
October 15-17
Tri-State Credit Conference, including New York, New Jersey, Eastern Pennsylvania, and Maryland.

QUINCY, ILLINOIS
October 21-23
Quad-State Credit Conference, including Missouri, Kansas, Southeastern Iowa and Southern Illinois.

CLEVELAND, OHIO
October 22-23
Ohio Valley Regional Credit Conference, including Ohio, Western Pennsylvania, West Virginia, Kentucky and Eastern Michigan.

PERSONNEL MART

Credit Executive Available

MAN 32 YEARS OF AGE, BBA Accounting, Nine Years Mercantile Credit Experience, Thoroughly Capable in Financial Statement Analysis Desires Position as General Credit Manager or Assistant. CFM Box #465.

Position Wanted

CREDIT MANAGER with accounting and office management experience over 20 years in all phases of credit and collection work. Competent to assume complete responsibility. Complete resume with references furnished on request. Presently located in Detroit; prefer that area. CFM Box #466.

Second and Third Class Mail Rate Boosts Go Into Effect

Second and third class mail rates went up January 1 under Public Law 85-426, which was the general mail rate increase bill (H.R. 5836) of the 85th Congress. First class and individual third class rates rose August 1st under this law.

Third class bulk rate for circulars and merchandise now increases to 16 cents a pound from 14. (Book and catalog bulk rates are not affected.) The minimum per piece becomes 2 cents instead of 1.5, and on July 1, 1960, will rise to 2.5 cents, while the bulk mailing fee will be $20 (now $10).

The above increases, including those of August 1, 1958, on individual items, books and catalogs, will add an estimated $128 millions to revenue in third class.

Newspapers (second class) came under the following increased mailing rates January 1st: 10 per cent rise on reading portion, 18 per cent on advertising. Three such annual rate boosts are to bring in $31 million more revenue.

Deaths

Walter G. Willoschat

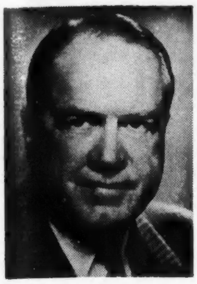
Walter G. Willoschat, 62, who died after a brief illness at his home in Massapequa, N.Y., had been assistant vice president and credit manager of Hesslein & Co., New York, before his retirement. He had been president of the Downtown Textile Credit Group (1942-44) and a director of the New York Credit & Financial Management Association.

J. H. Francisco

Justus H. Francisco, past president of the Bridgeport Association of Credit Men and past president of the Connecticut association, died at his home in Fairfield, Conn. He was 74. He had been with Bissell Varnish Company for 20 years and also had been associated with Whiteman, Inc.

EDP Feasibility Cited In Computer Use Report

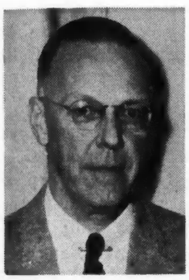
Statistical data giving reasons for acceptance or rejection of electronic computer operation, contained in the "Computer Use Report" 9-page booklet issued by the Systems and Procedures Association, based on a survey, show that surprisingly few of the companies reported "programming too difficult" as a reason for rejection to a specific application.



N. E. KEELER

T. A. RAND

Executives in the News



T. E. HOPKINS

ROSS PURDY

M. M. JOHNSON

J. E. REMINGTON

Ex-MP, He Directs Orderly Flow of Business Credits

It's a far cry from MP'ing in Europe in World War II to handling credits but both are based in Order. Ross M. Purdy, credit manager since 1937 of The Shelby Salesbook Company, Shelby Ohio, has fostered credit profession progress since. A charter member of NACM North Central Ohio Division, Mansfield, he now has been elected president of the association. Mr. Purdy went with his company in 1927 following graduation from Oberlin Business College.

His hobbies are raising hybrid tea roses and travel; Alaska's the one state in 49 he hasn't yet visited.

Rhode Island Insurance Director Was a Fieldman

T. E. Hopkins, director and resident secretary, Equitable Fire & Marine Insurance Company, Providence, and manager of the Providence district office, The Phoenix of Hartford Insurance Companies, began with his company in 1944 as a fieldman in Illinois. Two years later he was assigned closer to his native Connecticut, receiving appointment as Rhode Island fieldman. He advanced to state agent in 1949, to manager in 1957.

Mr. Hopkins is president of the Rhode Island Association of Credit Men, past president of Rhode Island Insurance Fieldman's Association, member of the Chamber of Commerce fire prevention committee.

Acme Steel's Rand Retires; N. E. Keeler Is Successor

Thornton A. Rand has retired from the post of vice president and treasurer, Acme Steel Company, Chicago, following 39 years' service with the company. Noel E. Keeler has been named to succeed Mr. Rand.

Mr. Rand, who remains as a member of the board, began as an accounting clerk. He advanced to cost accountant, chief accountant, treasurer and secretary in 1946, vice president and treasurer in 1953. Mr. Rand holds directorships in Starline, Inc., First National Bank of Blue Island, and Union National Bank of Chicago.

Mr. Keeler began with Acme Steel in 1954 as budget director, becoming vice president of accounting in 1956. Earlier associations were with Marathon Corporation as vice president of finance, with Sylvania Electric Products Inc. and Armstrong Cork Company.

Associated Industries of Kentucky Names Johnson

Marion M. Johnson, vice president of Brown-Forman Distillers Corporation, Louisville, has been named president of Associated Industries of Kentucky, an organization representing about 90 per cent of Kentucky business.

Mr. Johnson began his employment at Brown-Forman in 1937 as accounting clerk and has served as office manager, assistant controller, credit manager, assistant treasurer, and treasurer. He is a trustee of the Credit Research Foundation and serves as a faculty member of the Dartmouth Graduate School, NACM; past president, Louisville Controllers Institute of America; past president, Louisville Credit Men's Association, and director, Louisville Chamber of Commerce. In 1952 he was recipient of the American Petroleum Credit Association Award of the NACM Graduate School, Dartmouth.

Minnesotan's Talents Apply To Diverse Technical Areas

At 38, J. E. Remington, general credit manager, Minneapolis-Honeywell Regulator Company, Minneapolis, has tallied up more than 15 years of service with his company. His record of activity for credit has culminated in his election as president of the Credit and Financial Management Association, Minneapolis.

Mr. Remington was with the Federal Bureau of Investigation for two years following graduation from the University of Minnesota school of business in 1941. In the Minneapolis-Honeywell company, he has handled such diversified assignments as technical representative, aeronautical engineering; administrative assistant to vice president, sales; and credit manager. He authored the symposium article "Many Credit Practices Evolve from Sales Staff Meetings", CFM December '57.

Count that day lost whose low descending sun sees prices shot to glory and business done for fun.

—Anonymous

Reports from the Field

NEW HAVEN, CONN.—"Credit Man's Role in the Office of Tomorrow" was topic of Edward McNamara, consultant in the field of office management and systems, at the meeting of the New Haven Association of Credit Men.

ST. LOUIS, MO.—"Coverage—the Fourth 'C' of Credit," second in a series of panel discussions sponsored by the National Institute of Credit, had as moderator M. E. Crawford, C.O.C.U., assistant vice president, Marsh & McLennan, and these panelists: S. F. Procopio, partner, W. H. Markham & Co., who discussed casualty insurance; Marvin H. Sehnert, manager fire-underwriting department, American Insurance Co. of New Jersey, who spoke about fire and allied lines; W. G. Bollinger, assistant vice president, Marsh & McLennan, on group, life, pension and key man coverage.

Philip J. Gray, secretary, NACM, and director of its foreign department, addressed a joint meeting of the Export Managers Club and the St. Louis Association of Credit Men, which also served as the organization meeting of the foreign credit chapter of the St. Louis association. Mr. Gray chaired a roundtable conference on foreign credit exchange and collection matters. Panelists were Frank C. Lexa, Mercantile Trust Co.; Joseph G. Roldan, Roldan Export International; James L. Sharp, First National Bank of St. Louis, and R. H. Stocke, Monsanto Chemical Co.

CINCINNATI, OHIO—Office Management, theme for the month under the association's theme-emphasis program, brought these specialists before The Cincinnati Association of Credit Men Credit Club luncheon meeting groups: David Tate, International Business Machines Corp. data processing division, whose talk "Information Machines" stressed the use of automation in credit department operation; Herbert L. Hughes, Remington Rand Univac div. director of special projects in automation, who discussed the application of electronic equipment in the credit department under the title "Clerks vs. Automation;" Walter W. Beinhart, director of employee relations, Formica Corporation, whose theme was "Office Unions—Yes or No."

GRAND RAPIDS, MICH.—Harold Phelps, assistant vice president, Michigan National Bank, past president Grand Rapids chapter, American Institute of Banking, discussed SBA loans at the business luncheon meeting of NACM Western Michigan Inc.

"Your Future in Credit Work" was topic of subsequent meeting speaker, Tyrus R. Wessell, Davenport Institute, head of day school accounting and business administration departments. At later meetings C. C. Woolridge, referee in bankruptcy, western district of Michigan, southern div., conducted a question-and-answer type of meeting on the Bankruptcy Act, and latest changes in the revenue act were discussed by G. L. Kauffman, CPA, of McEwan & Kauffman.

WICHITA, KAN.—B. J. Weldon, partner, Dulaney-Johnston & Priest, discussed changing insurance needs of business, at the dinner meeting of the Great Plains Units, NACM.

C. I. Moyer, regional director, Small Business Administration, at Kansas City, Mo., in a talk before the association at a later meeting noted ways in which SBA aids business. He urged small businessmen to attend business courses in local universities or schools, to add to their knowledge of management.

BALTIMORE, MD.—"Most popular word in the English language at this time of year is Credit," gist of a talk by Mrs. Lorraine M. Rogich, Northeastern Auto Supply Co., president Baltimore Credit Women's Club, provided the lead for a column by Mildred Geare on the Women's Group meeting, in the Baltimore *News-Post.*

PHILADELPHIA, PA.—How to prevent bad-debt losses was topic of panel of Credit Men's Association of Eastern Pennsylvania, which had P. E. Schenck, credit manager, Container Corp. of America, as moderator, and these panelists: W. R. Van Horne, general credit manager, New Holland Machine Co.; A. J. Schneider, assistant cashier, Philadelphia National Bank; N. Gilbert Krause, credit manager, Brown Instruments div., Minneapolis-Honeywell Regulator Co.; and O. C. Yeager, assistant credit manager, Rohm & Haas Co.

WHEELING, W.VA.—"Business and Law" was subject of Harry H. Hesse, secretary and general counsel, Wheeling Steel Corp., at the meeting of the Wheeling Association of Credit Men.

"The Humanities in Business" was topic of Dr. Perry E. Gresham, president, Bethany College, at the following dinner meeting. Dr. Gresham was president of Highlands Broadcasting Co., which owned radio station WRAD.

DES MOINES, IOWA—Three dealer-panelists at the meeting of the NACM Iowa Unit Feed, Seed & Fertilizer Group, to tell how the credit department can assist the dealers, agreed that "lax wholesaler credit departments made dealers lax with their collections."

Clifton Anderson, Quaker Oats Co., Fort Dodge, addressed the Farm Machinery Group of the Iowa Unit, at Fort Dodge. Credit matters that may face executives in the next ten years were discussed.

PITTSBURGH, PA.—Considerations in placing an account for collection was topic of Credo luncheon speaker George S. McLaughlin, general credit manager, Harbison-Walker Refractories Co. Succeeding Credo meetings of The Credit Association of Western Pennsylvania had these speakers:

F. A. Thomassy, manager Pittsburgh district office, Small Business Administration, "Processing of SBA Loans"; J. R. McClester, Westinghouse Electric Corp., treasury department, "Advantages of Trade Acceptances"; F. L. Cooper, treasurer, Crucible Steel Co. of America, "Creditors' Quandary in Out-of-Court Settlements"; Vere L. Hunt, general credit manager, Carrier Corp., Syracuse, N.Y., "Current Credit Problems"; Frank B. Rackley, president, Jessop Steel Co., "Tomorrow's Challenge"; and George F. Martin, Jr., Berkshire Life Insurance Co., "Key Men and Business Life Insurance."

ST. PAUL, MINN.—Credit in economic recovery was topic of Dr. Oscar F. Litterer, economist, Federal Reserve Bank, Minneapolis, at the dinner meeting of the St. Paul Association of Credit Men.

MANSFIELD, OHIO—Merle Mabee, assistant secretary, Ideal Electric Corp., and C. C. Shaw, credit manager, Stone Container Corp., were moderators of a panel discussion on credits and collections at the meeting of North Central Ohio Div., NACM.

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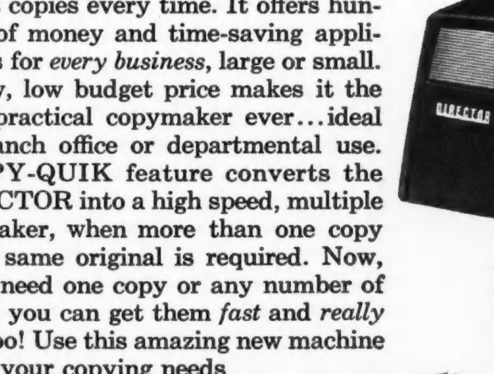

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